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Ugandan Army Units Mutiny, Reported in Control in North

Compiled by Our Staff From Dispatches

KAMPALA, Uganda — Army units have mutinied and seized territory in northern Uganda, the official radio of the East African country reported Friday.

The Radio Uganda broadcast did not clarify how much territory the rebels controlled, but it was believed that they held much of the Acholi region bordering Sudan in the north.

Uganda Radio said the army rebels had caused "bloodshed" in the 10th Brigade's base town of Gulu, 150 miles (243 kilometers) north of Kampala, and at the Karuma Falls Bridge over the Nile, 50 miles south of Gulu.

The army rebellion coincided with recent gains by anti-government guerrillas and appeared to pose the gravest problem for President Milton Obote since he returned to power in the December 1980 elections after the removal of Idi Amin.

In another development, diplomats and Western aid officials told United Press International that rebels loyal to the former defense minister, Yoweri Museveni, overran Fort Portal, Uganda's fourth largest city, in their biggest victory yet in a five-year guerrilla war against Mr. Obote's government.

The separate actions left two sections of the country, a former British colony, out of the control of the central government in Kampala.

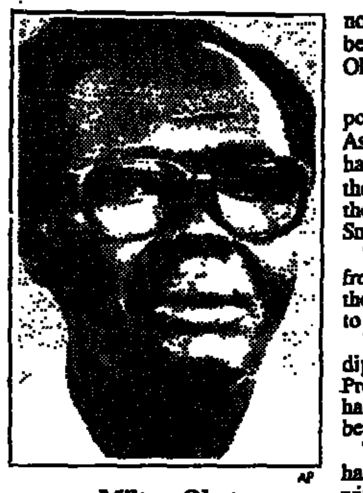
There were no immediate reports of the number of casualties

Mr. Obote said some army officers had joined guerrillas fighting his government and warned of possible bloodshed, the Uganda News Agency reported.

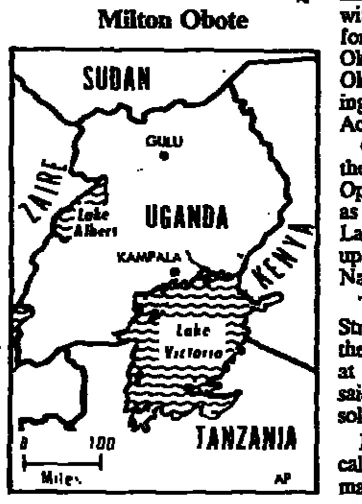
"Such a course will lead to the deaths of very many innocent persons," he was quoted as saying.

He appealed to all political and religious leaders and elders to contact and restrain people who appeared to be working against the constitution, the agency added.

The state radio said the leader of the rebellion was the commander of the northern army. The radio did not give his name, but the post has been held by Brigadier Olara Okello.



Milton Obote



According to unconfirmed reports in Kampala quoted by The Associated Press, Brigadier Okello has offered to lay down his arms if the government is dissolved or if the army chief of staff, Brigadier Smith Opon-Acak, is dismissed.

The radio broadcast messages from four army units condemning the uprising and expressing loyalty to Mr. Obote.

Ugandan sources and Western diplomats told The Associated Press on Thursday that fighting had broken out earlier in the week between rival army groups.

The sources said the rebellion had developed along tribal lines, with forces loyal to the armed forces commander, General Tito Okello, who is not related to Olara Okello, pitted against those holding allegiance to Brigadier Opon-Acak.

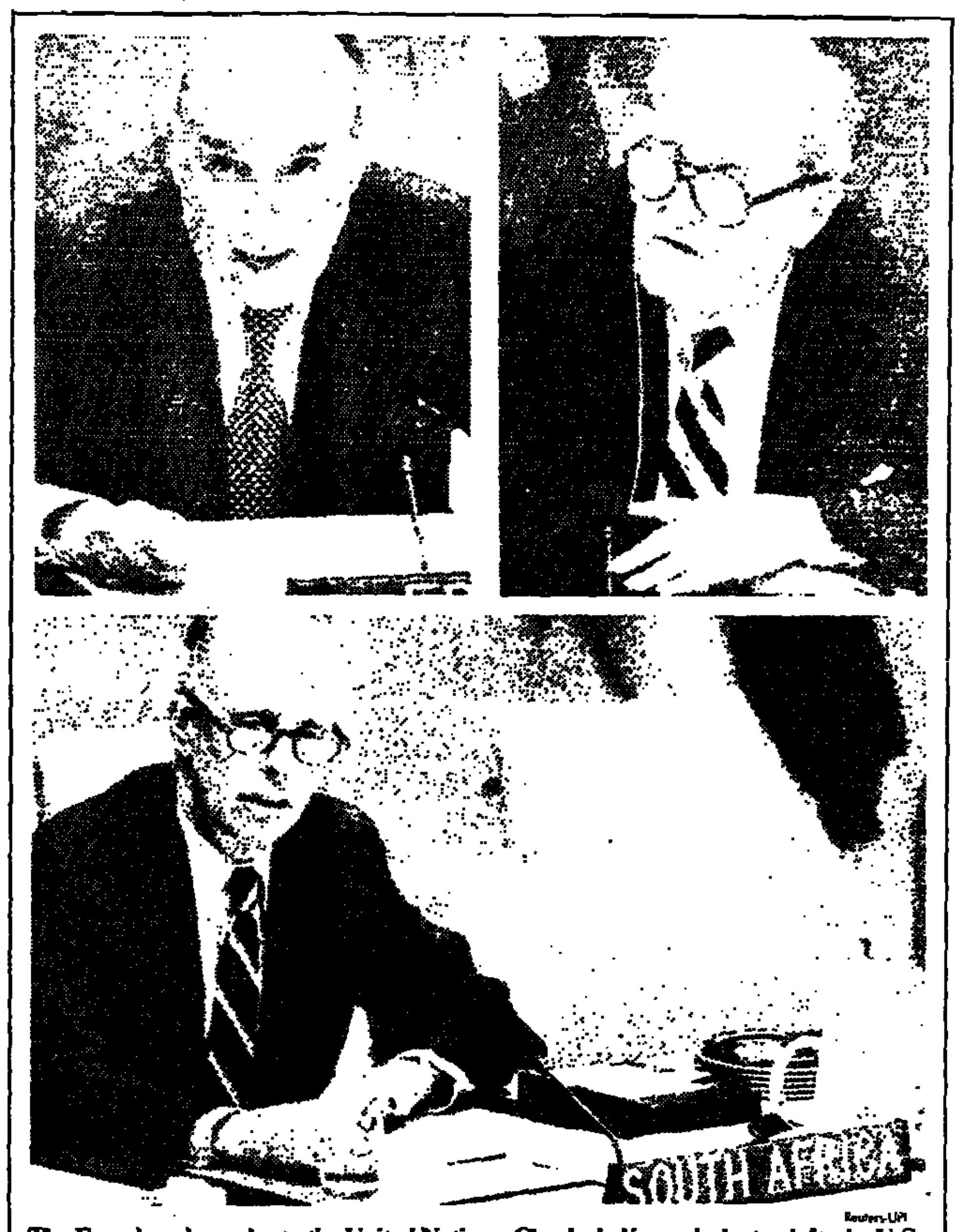
General Okello is a member of the Acholi tribe and Brigadier Opon-Acak belongs to the Lango, as does Mr. Obote. The Acholi and Lango, both northern tribes, make up the majority of the Ugandan National Liberation Army.

The International Institute of Strategic Studies in London puts the strength of the Ugandan Army at 18,000. But Ugandan sources said it may have as many as 24,000 soldiers.

Last week, President Obote called a meeting of army commanders from the Kampala area and urged them to uphold the constitution.

He appeared to acknowledge the threat of an army coup when he told the soldiers: "You can use your guns to take over my chair, but it is a very hot seat."

(AP, Reuters, UPI)



Reuters-UPI

The French ambassador to the United Nations, Claude de Kemoularia, top left; the U.S. ambassador, Vernon A. Walters, top right; and the South African ambassador, Kurt von Schirnding, above, spoke at an emergency Security Council session Thursday on France's request that UN members suspend investment in South Africa.

House, Senate Panel Restores Weapons Cuts

By Bill Keller
New York Times Service

WASHINGTON — A House-Senate conference committee has approved a compromise military budget that congressional aides said would restore money for all of the 22 weapons systems that either the House or the Senate had voted to kill.

The $302.5-billion military programs bill, which increases spending ceilings to make up for inflation, assures that none of the weapons programs the Pentagon requested will be eliminated next year. It was approved by the committee Thursday night, and aides said they expected the House and Senate to vote on the measure within a week.

A source involved in the process said the bill for the 1986 fiscal year "proved once again that Congress can't kill weapons systems, any more than the Pentagon can."

Instead of cutting weapons programs, the conferees managed to cut about $20 billion from the Pentagon's budget request by slowing the pace of the production of some weapons, estimating lower costs for others, forecasting lower inflation and better dividends from foreign currency exchanges, and trimming personnel and operating costs.

The bill would meet the target the conferees agreed upon two weeks ago for the Pentagon budget. But in later years, said a Senate aide, the large number of growing weapons programs would make military spending and the deficit more difficult to control.

In one major saving on the military budget, congressional aides said the conferees had agreed to cut $2.9 billion from the military retirement system and to order the Pentagon to come up with proposals for making military pensions less expensive.

The conference bill granted Pentagon requests to proceed with at least four major new programs. The total cost of the four, including research on the Stealth bomber and fighter, was estimated by one aide at $150 billion to $200 billion over the life of the programs.

The conferees Thursday night broke a deadlock and approved a provision restricting Pentagon employees from taking jobs with military contractors whose projects they have overseen.

Aides said the bill might face strong opposition in the House from members unhappy with the conferees' decision to drop some House-passed restrictions on production of new chemical weapons.

[Earlier, the conference negotiators had approved allowing the United States to begin producing lethal chemical weapons for the first time since 1969, the Los Angeles Times reported. But members of the House Armed Services Committee are expected to press for another House vote on the issue.

[To achieve the agreement on nerve gas, the House negotiators were forced to give in on at least one significant restriction the House had insisted upon when it approved its version of the bill last month: The compromise does not include a House-passed provision requiring that nerve gas production be delayed until the North Atlantic Treaty Organization officially requests it to replace chemical weapons now in Europe.

[However, other restrictions passed by the House were retained, including a ban on assembling the weapons before October 1987.]

Other provisions in the confer-

(Continued on Page 3, Col. 4)

Aid to Rebels In Nicaragua Gains in U.S.

By Steven V. Roberts
New York Times Service

WASHINGTON — Senate and House negotiators approved a $25.4-billion compromise foreign aid bill early Friday that would provide nonmilitary aid for the insurgents fighting the Nicaraguan government but would bar the Central Intelligence Agency or the Defense Department from distributing it.

It was the first time in four years that a foreign aid package has cleared a congressional conference committee.

The compromise, which provides funding for a variety of foreign aid programs for the fiscal years 1986 and 1987, must now return to each chamber for final approval. It provides $12.7 billion in aid for 1986.

The bill is $500 million less than President Ronald Reagan had sought but includes many provisions that will please the White House, including a repeal of a bar on U.S. aid to anti-Communist guerrillas in Angola.

It also includes a huge increase in funds for Israel and Egypt, the two largest recipients of U.S. aid, and an unprecedented $5 million for guerrilla groups fighting Vietnamese forces in Cambodia.

[An attempt by the House to mandate a U.S. trade embargo against Libya was dropped from the bill, The Associated Press reported.

[The House version of the bill would have required President Reagan to impose a ban on U.S. exports to and imports from Libya as a way to pressure the government of Colonel Moamer Qadhafi to cease what the administration calls "state-supported terrorism."]

In votes earlier this year, both the House and the Senate passed bills that provide aid for the Nicaraguan rebels but that bar its use for military purposes. A major sticking point, however, has been the insistence by the House that the CIA be prohibited from distributing the aid.

Under the agreement approved Friday morning, the Nicaraguan rebels would receive $27 million in nonmilitary assistance for a six-month period beginning on Oct. 1.

Apart from the exclusion of the CIA and the Defense Department, the decision on how to distribute the aid would be left to the president.

Senator Richard G. Lugar, an Indiana Republican and chairman of the Senate Foreign Relations Committee, said he had reluctantly accepted the House position on distribution of the aid in the hope of paving the way for an agreement between House and Senate negoti-

(Continued on Page 2, Col. 7)

UN Council Votes Action On S. Africa

The Associated Press

UNITED NATIONS, New York — With the United States and Britain abstaining, the United Nations Security Council adopted a resolution Friday calling for worldwide voluntary sanctions to force South Africa to dismantle its system of racial separation.

The council acted by a 13-0 vote after the United States and Britain vetoed a proposed amendment by the council's six nonaligned members that would have threatened South Africa with wide-ranging mandatory sanctions if it failed to eradicate apartheid.

France, which with Denmark cosponsored the adopted resolution, abstained on the amendment put forward by Burkina Faso, Egypt, India, Madagascar, Peru and Trinidad and Tobago.

Even without the threat of mandatory sanctions, the resolution is the strongest anti-apartheid measure to be adopted by the 15-nation council since it proclaimed a mandatory arms embargo against South Africa in 1977.

Ambassador Claude de Kemoularia of France, speaking after the vote, termed the resolution the "gravest warning" to South Africa and added, "Let us hope this warning will be heeded.

■ U.S. Resists Sanctions

Earlier, David Hoffman of The Washington Post reported from Washington:

The Reagan administration demanded Friday for the first time that South Africa end the week-old state of emergency in black townships, but it announced that the United States would continue to resist economic or political sanctions.

"We want the state of emergency

(Continued on Page 2, Col. 7)

Arrest, Anxiety Strain Family Ties in South Africa

By Alan Cowell
New York Times Service

ALEXANDRA, South Africa — On the corner of a crumbling street in this black township, Victoria Gasela told a sad story.

Her husband is a black policeman, she said Thursday night, and a week ago a crowd came and tried to burn their home because they opposed his role.

By contrast, her daughter had become involved with a black activist group. So on Wednesday, Mrs. Gasela said, the police came to take her away under the emergency decree put into effect July 21 by the South African government.

The arrest transformed Mathilda Gasela, 26, a university graduate and high school teacher of English and science, into No. 701 on the growing list of those held under the emergency powers.

Thus Mrs. Gasela was caught between the anger that black political activists reserve for those they call the stooges of white authority, such as black policemen, and the sharp retribution the government has doled out, under the emergency decree, to those it considers a threat.

"When your child is arrested," Mrs. Gasela said, "it is like death." But when your husband is a policeman in these times of sudden wrath by volatile crowds, "you just live like birds — you cannot sleep."

Alexandra is a rundown place, close to Johannesburg's wealthy, northern suburbs. Discarded timbers and sheets of zinc tumble on one another, the houses lodged between them like afterthoughts. On the corner where Mrs. Gasela spoke, a woman sold chicken entrails from a plastic food bucket.

Mrs. Gasela said she does not know where her daughter is being held. Her husband has been told only that she is in solitary confinement "because they don't want her to mix with others."

She had been at work at the hospital when her husband called to say their daughter had been arrested, Mrs. Gasela said. She had come home and two schoolgirls had confirmed the news.

Mrs. Gasela said, "I just decided to keep quiet because I was unable to do anything."

She said her husband had been told that their daughter's detention would be for 14 days "if she was responding, if she was not cheeky."

'When your child is arrested, it is like death.' But when your husband is a black policeman in South Africa, 'you just live like birds — you cannot sleep.'

Victoria Gasela
Resident of Alexandra, South Africa

Miss Gasela, according to associates, is a member of the Alexandra Youth Congress, an anti-apartheid group affiliated with the United Democratic Front, the biggest nonparliamentary alliance in the country, whose supporters seem to be the main targets of the emergency decree. She was detained once before, in the unrest of 1976-1977.

If a pattern to the detentions is emerging, said a spokesman for the Detainees' Parents Support Committee, a civil rights monitoring group, it is that those being detained are from the multiracial United Democratic Front, which has 600 affiliate organizations and a following of at least 1.5 million.

Even before the emergency, the spokesman said, the front's most prominent public figures were in detention, charged with high treason and awaiting trial on accusations of forming a "revolutionary alliance" with the outlawed African National Congress.

Those now being detained, according to the civil rights monitoring group, seem to be rank-and-file members of community activist organizations, such as the Soweto Youth Congress, and members of the Council of

(Continued on Page 2, Col. 5)

Latin Nations Rejecting Debt-Repudiation Call

By Juan de Onis
Los Angeles Times Service

RIO DE JANEIRO — The call by President Fidel Castro of Cuba for the nations of Latin America to collectively repudiate their foreign debt has been rejected.

The governments of the two largest debtors in the region, Mexico and Brazil, have dismissed the idea of a debtors' rebellion as politically undesirable and financially irresponsible.

President Miguel de la Madrid of Mexico, facing a crisis because of declining oil prices, announced internal economic reforms this week and said that a debt moratorium was "out of the question."

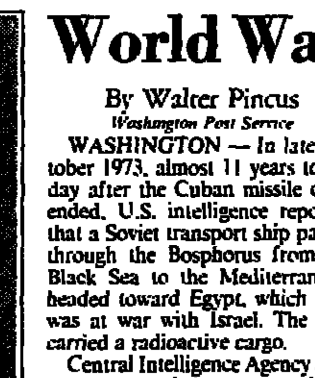
Mexico's finance minister, Jesús Silva Herzog, said: "This solution may seem attractive at a theoretical or emotional level, but it would be an irresponsible decision because it would have adverse effects on future economic development."

President José Sarney of Brazil, whose government owes $100 billion abroad, said early in the week that the debt was not an "ideological weapon" and should not be made into an issue for "East-West confrontation."

In a region where most countries have been in recession since 1982, and low commodity prices and protectionism in industrial markets make trade prospects dim, the collective debt of $360 billion is politically risky.

Bolivia has halted payments to foreign private banks because it

(Continued on Page 18, Col. 2)



Fidel Castro

World War III: Allies Increase Risks

By Walter Pincus
Washington Post Service

The Bomb
The 1973 Mideast War
Last of four articles

WASHINGTON — In late October 1973, almost 11 years to the day after the Cuban missile crisis ended, U.S. intelligence reported that a Soviet transport ship passed through the Bosphorus from the Black Sea to the Mediterranean, headed toward Egypt, which then was at war with Israel. The ship carried a radioactive cargo.

Central Intelligence Agency analysts suggested the cargo could be warheads for Soviet short-range missiles that were then being delivered to Egypt.

The report, according to an official involved at the time, sent a "tingle" through the U.S. national security establishment at a moment when the United States was already working to prevent a threatened unilateral Soviet military intervention in the October war.

James R. Schlesinger, secretary of defense at the time, said during a recent interview that since the Cuban missile crisis, the Soviet Union had "been very careful about moving any nuclear weapons outside" its own territory.

So the 1973 movement itself was "a considerable change in the pattern of Soviet behavior," Mr. Schlesinger said, "and therefore tended to tell us that the Soviets were indeed politically serious."

But, he went on, "as to the possibility of the use of those weapons, we placed a very low probability on that."

Their purpose, "to the extent that one thought that the Soviets had a real purpose in making those moves," was to bolster Israel's opponents, Mr. Schlesinger said.

Mr. Schlesinger, who once the headed the CIA, suggested an additional dimension to the Soviet move:

"It was widely believed in the Arab world that Israel itself had nuclear weapons." The Soviet "weapons were being moved into the region, it was speculated, in order to reassure either the Egyptians or the Syrians" that if the Israelis "were to use such weapons, that there would be a response."

"It also was intended," Mr.

(Continued on Page 3, Col. 1)

INSIDE

How to Get to First Base With Nissan Co.

By Michael Shapiro
New York Times Service

TOKYO — When the game was won, the employees rose to sing the company song. They took off the blue, plastic cowboy hats the company had given them and raised their fists. They sang of Nissan, the automaker: "Looking at Mount Fuji, surrounded with white clouds in the morning. . ."

Men peeked at the lyrics on the song card, and the children fell a half-beat behind. But the voice was a single voice, the voice of 4,000 employees of the Nissan Motor Co. and their families, chosen by lottery and by exemplary job performance to spend half the workday at the ball park, rooting for the company team in the 56th annual National Intercity Amateur Baseball Tournament.

On Tuesday, the 32 survivors of a 320-team field began play in the championship round. The two finalists will play Friday in Tokyo's Korakuen Stadium before 50,000 people.

In the United States, it would be akin to International Business Machines playing General Motors before a full house at Yankee Stadium.

"The Japanese are very loyal," said Eiichiro Yamamoto, executive vice president of the Japanese Amateur Baseball Association. "For a normal Japanese, everything revolves around his work and workplace. Private life is more often a sacrifice for the company. It's like the American fathers and mothers going to high school tournaments that their kids are in. It's exactly the same feeling."

Nothing about the corporate baseball tournament is taken casually. A championship team can help a company immeasurably in publicity and sales. The tournament is well documented in the newspapers, especially in the nationally circulated Mainichi papers, a tournament sponsor.

A company might be flooded with orders because it won the tournament, Mr. Yamamoto said. Insurance companies do well when their teams win and banks will see a rush of congratulatory deposits.

Because the stakes are high, companies will go to great lengths to field good teams. The best high school and college players, if not chosen by the professional teams, are scouted and recruited by companies offering them not only the chance to play but also a place to work. Last year, Nissan was able to recruit players from the national high school and college championship teams.

If a player fares well, he might be noticed by one of Japan's 12 major league teams, which scout the corporate ranks for talent. Many company players have gone on to the pros with no loss of dignity for leaving their firm to join a major league team. Loss of face would come if a player switched to another company's team, just as changing jobs in Japan is looked on as betrayal.

The Japanese Amateur Baseball Association insists that the tournament players work a few hours in the office before going off to play. But then the play is work itself. Practice is often an 11-month affair. Nissan, the defending champion, has a schedule of 80 games.

The players "have great pressure on them," said Koji Makino, supervisor of Nissan's athletic program. "The players have to live up to the expectations of the company."

Nissan, he said, was sensitive to this burden.

"In order for them to have the mental

(Continued on Page 2, Col. 1)

Cheerleaders encouraged the Nissan Co. baseball team at a corporate tournament in Tokyo.

Sikhs in Jubilant Mood After Accord With India

Many Families Celebrate Agreement; Others in Nation Criticize Concessions

By Rone Tempest
Los Angeles Times Service

NEW DELHI — Making his rounds here Thursday morning in a prosperous area where many Sikh families live, Chowdhery Narayan Singh, a milkman known to everyone as "Baba," reported that there was celebration in nearly every Sikh home.

A day earlier, Prime Minister Rajiv Gandhi had made an announcement of dramatic importance: he and Harchand Singh Longowal, the head of the Akali Dal, the main Sikh party, had signed an agreement aimed at ending four years of bloodshed and tension between the Sikhs and their neighbors in northern India.

The Sikhs won many concessions in the accord, among them the incorporation of Chandigarh, an ultra-modern city designed by Le Corbusier, into the Sikh-dominated state of Punjab.

Chandigarh had been a federal territory shared as capital by Punjab and neighboring Haryana state.

"The sirdars [Sikhs] are all shouting 'Chandigarh is ours! Chandigarh is ours!' " the milkman reported. The 15 million followers of the Sikh religion have great influence in India and are known for boisterous displays of emotion.

The displays did not please the milkman, a Jat Hindu of Haryana who favored leaving Chandigarh as it was. "Very, very bad," he said. "Haryana lost too much. Now what is going to be the capital for Haryana?"

He complained that the prime minister had not consulted the right people.

There were other signs of dissatisfaction with the agreement. The accord ordered the creation of a tribunal to mediate water disputes between Punjab and Haryana, and promised jobs to Sikh soldiers who deserted over the army attack on the Golden Temple, the holiest Sikh shrine, in June 1984.

State legislators in Haryana, an agricultural state of 13 million people bordering Punjab on the south, threatened to resign over the issue. Some opposition leaders in the state called the agreement a "sell-out" and a "grave injustice."

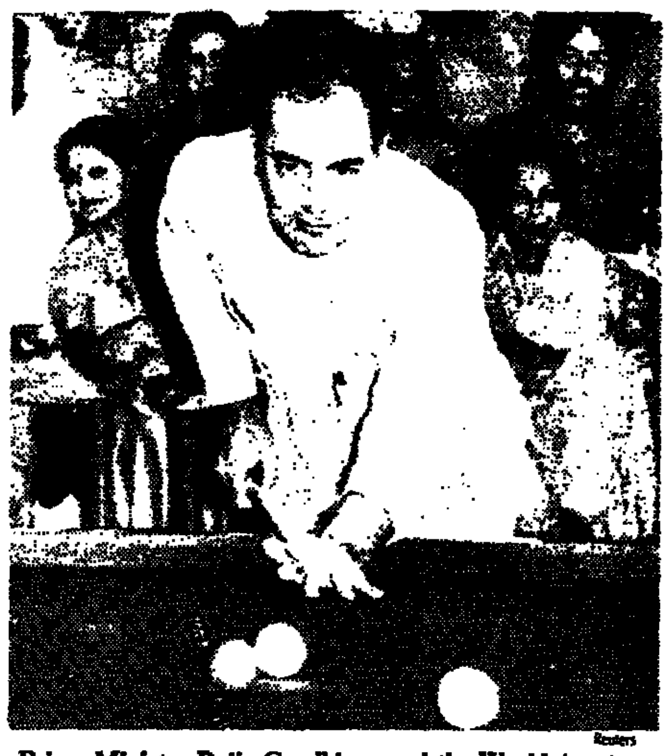
Leaders of rival groups, particularly those pressing for a Sikh nation to be called Khalistan, held protests in Punjab cities, according to the Press Trust of India.

However, the overwhelming reaction of most Indians — Sikhs and Hindus, and members of political parties from the Communist Party to the ruling Congress (I) Party — was relief and joy.

The turmoil in Punjab, the richest and most bountiful of India's states, has pained the entire nation.

Hindus and Sikhs, historically close, were torn by violence after the October 1984 assassination of Prime Minister Indira Gandhi by two Sikh guards.

A final, perhaps most telling, blow came June 23, when an Air-India Boeing 747 exploded and crashed into the Atlantic near Ireland, killing all 329 aboard.



Reuters

Prime Minister Rajiv Gandhi opened the World Amateur Billiard Championships in New Delhi Friday. In a cheerful mood after his accord with Sikh leaders, he said that billiards, like the use of political power, required precision.

Although the cause has not been verified, Indian officials believe that a bomb was responsible. Widespread opinion here is that it was a terrorist bomb.

"Strangely enough, I think it might have been the plane that was the final straw," said an official. "After that, everyone, including the Sikhs, said that was enough. There had been enough killing."

■ Sikhs Ratify Agreement

Despite open dissent by two senior leaders, the Akali Dal ratified Friday the agreement to end the crisis, The Associated Press reported from Anandpur Sahib, where the leaders met.

Mr. Longowal announced that the party was formally withdrawing its campaign for greater religious and political autonomy.

He called the meeting in a historic temple town, about 180 miles (290 kilometers) north of New Delhi, to get final endorsement.

But he failed to win full support of two key leaders: Prakash Singh Badal, former chief minister of Punjab state, and Gurcharan Singh Tohra, head of the main Sikh religious council.

They did not block ratification of the pact, but both criticized it.

Rigorous '86 Budget Approved in France; Program Is Praised

By Axel Krause
International Herald Tribune

PARIS — The French government has approved spending plans for the 1986 budget, which senior government officials said would be the most rigorous in France's postwar history.

Business leaders, conservative opposition leaders and foreign diplomats cautiously praised the plan for its economic soundness, particularly a proposed reduction in corporate taxes on profits, which is aimed at stimulating investment.

The plan was announced by Finance Minister Pierre Bérégovoy on Friday.

The budget in its current form also appeared to be aimed at establishing a national consensus in economic policy, even if the Socialists lose their majority in elections for the National Assembly in March.

The opposition daily Le Figaro said the budget was "passably courageous," and could provide a "meeting ground" between Mr. Mitterrand and a new conservative majority in the National Assembly. The French leader has said that he intends to serve his full term until 1988, even if the left loses the parliamentary elections.

A U.S. diplomat said: "Assuming the Socialists lose, the opposition in parliament will have a very tough job using the budget against Mr. Mitterrand, or improving on it."

Finance Ministry officials said that tax revenue-raising plans would be completed during August and the final draft budget presented for approval to the cabinet in mid-September and parliament in October.

Total spending next year is projected to rise by 4 percent from 1985 to a record 1.035 trillion francs ($118.9 billion). But in light of the government's projection of a 3.7-percent inflation rate next year, spending in real terms will stagnate, the officials said. Inflation this year is projected at 4.5 percent.

In preparing the budget, officials projected gross domestic product growth in 1986 at 2 percent, which compares to projected growth of about 1 percent this year. Attaining both the inflation and GDP goals will be difficult, but possible, according to recent government and private forecasts.

The tax rate on net corporate profits will be reduced from the current level of 50 percent to 45 percent, applicable to earnings starting on Dec. 31, 1986, Mr. Bérégovoy said.

Officials said that the main goal of the measure, representing about 4.5 billion francs in potential tax revenue, was to stimulate new investment. An across-the-board reduction in personal income taxes next year will total 3 percent, representing 6 billion francs, and should stimulate consumption.

Moderate spending increases are planned for national defense, education and research, even though ministers had argued for substantially higher amounts.

Defense spending, for example, will rise 5.4 percent to 158.3 billion francs.

Substantial spending cuts are planned across the board, but officials said that an effort was made to reduce subsidies and other forms of financial aid to state-owned industries. Capital grants to nationalized companies, with the exception of the ailing automaker, Renault, and several nationalized steel companies, will be reduced to 8.3 billion francs from 14 billion francs budgeted in 1985.

WORLD BRIEFS

China Won't Exclude Force in Taiwan

WASHINGTON (Reuters) — President Li Xiannian of China declined Friday to rule out any future use of force in Taiwan and he has said that Chinese-Soviet relations would never again be as warm as they were in the past.

Asked if China would ever use force to intervene in Taiwan, Mr. Li said: "I would not exclude it." The Chinese leader, who held talks with President Ronald Reagan in Washington on Tuesday, was in Chicago for the opening of a Chinese consulate.

Mr. Li said that while the Soviet Union and China recently signed a trade agreement, "Even if relations between China and the Soviet Union are improved, relations between China and the Soviet Union will not return to what they were in the 1950s. They will not return to relations between allies."

Aide Says Pastora Is in Nicaragua

SAN JOSE, Costa Rica (AP) — Edén Pastora Gómez, the Nicaraguan rebel leader, was injured in a helicopter crash but is recovering at a camp in the jungles of southern Nicaragua, according to another leader of his anti-Sandinist Democratic Revolutionary Alliance.

Mr. Pastora, who was known as "Commander Zero" when he fought with the Sandinists during the Nicaraguan revolution, was reported missing Tuesday after his helicopter developed engine trouble traveling between rebel camps in Nicaragua. José Davila, a member of the alliance's directorate, said Thursday that Mr. Pastora had serious bruises on his ribs and legs, but was safe.

Soviet Reveals a New Military Shift

MOSCOW (Reuters) — General Yuri P. Maximov, 61, a military commander in Soviet Central Asia, has been promoted to deputy defense minister. Western experts said it was likely that he had assumed command of the nuclear missile force.

General Maximov's promotion has not been officially announced, but the Defense Ministry newspaper, Krasnaya Zvezda, identified him Friday as deputy defense minister, in a report on a meeting for Navy Day, to be marked Sunday.

Western diplomats monitoring changes in the top levels of the Soviet military said it was almost certain that General Maximov had taken over the important missile command. But there was no confirmation of reports that Marshal Nikolai V. Ogarkov, former chief of staff and first deputy defense minister, removed from both posts in September, had made a comeback as Supreme Commander of the Warsaw Pact Forces.

Assad Said to Vow Help on Hostages

PARIS (UPI) — President Hafez al-Assad of Syria has called for "all measures to be taken" to obtain the release of foreigners abducted and held hostage by Moslem militants in Lebanon, the Syrian defense minister said in an interview published Thursday.

Lieutenant General Mustafa Tlas, who also serves as deputy prime minister, told France-Pays Arabes, a French-language monthly journal, that Syria had "always opposed terrorism, though it has often been the victim." He added, "As regards the French and other foreigners kidnapped in Lebanon, President Hafez al-Assad has given orders for all measures to be taken so that they may be found and freed."

A total of 13 foreigners — seven Americans, four French citizens, a Briton and an Iranian — have been missing in Lebanon and are presumed to be held by militant Moslem organizations.

Looting Is Spreading on Guadeloupe

POINTE-A-PITRE, Guadeloupe (AP) — French police put down a prison uprising in Guadeloupe, but looting spread Friday and protesters' barricades kept Pointe-à-Pitre, the island's commercial center, cut off from the rest of the island.

It was the fourth day of protests in support of Georges Faisans, a militant independence advocate jailed in Paris. He reportedly has been on a hunger strike in prison since June 3. Mr. Faisans, a native of Guadeloupe, is serving a three-year sentence for hitting a schoolteacher with a machete after the teacher allegedly insulted a young black.

About 200 police arrived from the nearby French island of Martinique, and local radio reports said officials in Guadeloupe asked that troops be sent from France. Government officials in Pointe-à-Pitre refused comment.

For the Record

A senior Ethiopian relief official denied U.S. allegations that Ethiopia was preventing the United States from using Kenyan trucks to deliver relief food in the country, it was reported Friday from Addis Ababa. *(Reuters)*

China simplified entry procedures Friday for 20 million people of Chinese origin living in other countries. As of Aug. 1, they may enter as tourists or for business reasons without visas or exit permits, the government announced in Beijing. *(AP)*

Cairo police broke up a gathering Friday of 60 Moslem fundamentalists, clubbing them with truncheons and arresting about 20 of them as they were preparing for a prayer session, reporters said. *(AP)*

Secretary of State George P. Shultz, after meeting with Mexican officials in Mexico City, has rejected an appeal from the Contadora peace group that the United States resume talks with Nicaragua. *(AP)*

Javier Pérez de Cuéllar, the UN secretary-general, who was hospitalized Wednesday in New York, is suffering from an inflamed esophagus and will leave the hospital soon, a spokesman said. *(NYT)*

Peruvian rebels claimed responsibility Friday for a car bomb that exploded in front of the Interior Ministry in Lima. Security was tightened for the inauguration Sunday of President-elect Alan Garcia Pérez. (AP)

At Japanese Firms, It's Smart Business to Play Ball

(Continued from Page 1)

strength which cannot be affected by any pressure, we also provide a program in which they go to a Zen temple where they can learn to relax and concentrate," he said.

Nissan won last year's championship before 10,000 of the company's 60,000 employees. The players wept as their co-workers sang the company song. It is that sense of closeness that the company wants to sustain each summer by sending busloads of employees to Korakuen, with boxed lunches, company hats and plastic cards inscribed with the lyrics of the company song.

For Nissan's first game in the championship round, no effort was spared in achieving unity. The buses were met by men with tiny Nissan flags, who guided the faithful to their seats.

The cheering was led by 30 ebullient young men who showed not only great zeal but stamina as well for not succumbing to the oppressive heat and humidity in their heavy, white sweaters. The cheerleaders were accompanied by 13 pompon girls whose friends from work giggled and waved when they climbed on top of the dugout to dance.

"With fighting spirit, proudly we go on the offensive," the Nissan boosters sang, "look at the progress of our brave fighters." The crowd cried, "Now now, go go, Nissan!" and the cheerleaders, who stood on the dugout roof, spun toward the field, assumed the pose of a bayonet drill and struck the air with something that looked like a bolo punch.

Across the way, the team from Nippon Kokan, a steel company, was not to be outdone. They brought along five women who, in kimonos, performed traditional dances from their town, Fukuyama. The dancing was accompanied by the beating of great drums.

Nippon Kokan had cheerleaders and pompon girls, too, but it did no good. Nissan, on the strength of two home runs by its first baseman, Tetsuo Wakayama — he is said to be the company heart throb — won, 7-2.

At the final out, the teams lined up, facing each other. They took off their hats and bowed. Then they ran over to their boosters and bowed to them, too.

Outside, as the players milled with their friends and families, the employees were led back to the buses. Because it was only 2:30 P.M. and because the Nissan plant was only a 45-minute drive away, the buses took their passengers back to the office where, after three hours of togetherness, they went back to work.

Violent Times Strain Family

(Continued from Page 1)

South African Students, a radical high school students' group that has converted schoolroom dissatisfaction into political resistance.

If one image has molded white perceptions of the need for a state of emergency, it was the television coverage last Saturday of a young woman, Maki Skhosana, being burned to death in Duduza township by a crowd of fellow blacks who accused her of being an informer.

The Afrikaans-language newspaper Beeld said in an editorial that "without emergency measures, the massacre will only escalate."

The editorial asked, "Can anyone realistically expect the government to stand back and observe the breakdown of stability?"

Yet the state of emergency, declared after months of township violence that has claimed about 500 lives, is to black activists a tightening of repression, and the white outcry against the incineration of Miss Skhosana represents a misunderstanding of black anger.

A black trades union activist said, "They must feel the pain that we feel."

He was referring to police informers in a conversation with reporters about the incinerations that have come to represent the savagery of black revolt to the white population.

He was asked about the practice of burning foes in a manner that seems to foment a blood lust once a victim has been identified and "sentenced" by impromptu gatherings.

"It is not that we are happy to be killing our own people," he said, "but that is the only alternative" to stop police informers.

In an interview in a Johannesburg newspaper, The Star, several legislators from what is called the "enlightened" wing of President Pieter W. Botha's National Party seemed to suggest Thursday that black internecine violence could cause whites to reconsider their readiness for the limited changes offered to blacks by the authorities.

"I have heard voters ask, 'Are those the people we would have to negotiate with?' " Albert Nothnagel, a National Party legislator, was quoted as having said.

The argument seemed to ignore official calculations that for the first seven months of South Africa's newest unrest, from September 1984 to April 1985, 78 percent of the killing was done by the police.

UN Meeting Compromises On 'Zionism'

The Associated Press

NAIROBI — Kenya pushed through compromise wording Friday to soften a resolution equating Zionism with racism that had threatened to undo the United Nations Decade for Women Conference on its final day.

The compromise language, which struck the word "Zionism" from the resolution, was adopted by consensus with the grudging acquiescence of Israel's enemies and praise from friends of the Jewish state.

Alan Keyes, a U.S. delegate, said the United States accepted the resolution after insisting that the reference to Zionism be stricken. His comments drew catcalls and some applause.

"We reject the obscene notion that Zionism is racism," Mr. Keyes said, his voice rising to a shout. "No matter how much that slanderous lie is repeated, no amount of reiteration shall ever lend it any truth whatever."

The Palestine Liberation Organization observer, Zehdi Terzi, said: "After hearing some threats and blackmail in this forum, we understand exactly what the circumstances are. But we are willing to accept the amendment made by the host country."

The Soviet Union, one of the backers of the original resolution, also accepted the compromise language.

"The Soviet Union believes Zionism truly represents one of the main obstacles to the implementation of goals and objectives set for women," said a Soviet spokesman. "The Soviet Union will not object to the amendment with the understanding that it is adopted by consensus."

The compromise came after a furious round of on-floor negotiations aimed at avoiding an Israeli and U.S. walkout and settling on a final conference document.

2 Israeli Teachers Are Found Slain; Arabs Assaulted

The Associated Press

TEL AVIV — Two Israeli teachers whose disappearance five days ago sparked a wave of anti-Arab feeling were found dead Friday in a cave in northern Israel, the Israel Army Radio reported.

The two were found, with their hands tied, near Afula, 75 miles (120 kilometers) north of Jerusalem. Police said they presumed the teachers, a man and a woman, had been abducted by Palestinians.

In Afula, hundreds of people went on an anti-Arab rampage. Shouting "Death to terrorists!" they beat up Arab workmen and broke windows in the town, witnesses said. Dozens of people were arrested, the state radio reported.

In Beirut, police said that four Palestinians loyal to Yasser Arafat, the leader of the Palestine Liberation Organization, were found slain Friday in a Sidon refugee camp with anti-Israeli messages pinned to their bodies. "This is the punishment for every collaborator with Israel," the notes said.

UN Urges S. Africa Sanctions

(Continued from Page 1)

removed," the presidential spokesman, Larry Speakes, said in a statement after an hour-long meeting of the National Security Council chaired by President Ronald Reagan.

The White House statement marked an escalation in the administration's criticism of the emergency measures imposed July 20 in 36 South African cities and towns.

The official death toll has reached 16 and the number of arrests stands at 910, including 118 more Friday, since the white-minority government issued its declaration. The emergency measures give the police and army sweeping powers of arrest and seizure of property.

Earlier in the week, the White House stopped short of demanding an end to the emergency measures, calling on the South African government to exercise its "considerable responsibility" in a "scrupulous manner."

Mr. Speakes said the tougher language came because the "continuing violence and bloodshed has not abated and it is clear this is not bringing about the type of results that we want or, we assume, the South African government wants."

He said the demand for an end to the emergency measures had been transmitted to the Pretoria government through diplomatic channels. He said it did not indicate a change in the administration's policy of "constructive engagement" under which it has sought to influence South Africa away from its politics of apartheid, or racial segregation, by working with the government.

Mr. Speakes said the U.S. policy of constructive engagement must remain in place because "if there is no voice of reason talking with South Africa, it could lead to a result that no one wants," continuing violence.

Finns Report Soviet Intrusion

The Associated Press

HELSINKI — Border authorities protested Thursday the intrusion of a twin-engine Soviet airplane into Lapland airspace in northern Finland, officials said.

Foreign Aid Bill Advances

(Continued from Page 1)

ators. They are working on the issue in a separate conference covering funding for the rest of the 1985 fiscal year.

Other portions of the compromise foreign aid package approved Friday would provide $70 million in military assistance and $110 million in economic assistance to the Philippines in 1986 and 1987.

The conferees also agreed to drop all language in both the House and Senate versions of the bill that placed conditions and restrictions on American assistance to foreign family planning programs. The House version of the foreign aid bill had contained particularly strong language condemning China's family planning policies.

The consensus in both bodies was that Congress could not abandon the rebels, who had been recruited and subsidized by the United States. But the lawmakers also rejected administration appeals for distribution of direct military aid as not supportive of U.S. interests.

The decision on the amount of U.S. population assistance funding will be ironed out in a separate conference committee during the coming week.

The House had opposed aid for the Nicaraguan rebels for the last two years, but then reversed itself last month and voted to provide $27 million in nonmilitary aid. The Senate version would have allocated $38 million.

AMERICAN TOPICS

The Associated Press

AGGRESSIVE BEE-HAVIOR — Dr. David Kavenaugh of San Francisco, an entomologist, inspects a bee, left, sometimes called a "killer bee" because of its aggressiveness. A regular bee is at right. A hive of the "killer bees," native to South America, has been found in California. Officials say they are no more venomous than garden-variety honey bees, but that a slight disturbance can trigger an attack from an entire swarm.

Sex Education in U.S. Changes Direction

Sex education is slowly changing around the United States. For years, children were taught about sex, but not about sexuality. They learned how the female egg was fertilized, but not how to deal with peer pressure when confronted with sex in the first place. They learned about infant care, but not about the consequences of being a teen-age parent.

The new emphasis, the Los Angeles Times reports, is not on anatomy and physiology but on developing self-esteem and decision-making ability, which can be nurtured at home and reinforced in school.

Walter Gunn, a research psychologist for the federal Centers for Disease Control in Atlanta, says surveys show that "sex education is effective only if it is coupled with contraceptive services, counseling and followup." This is the case, for example, in St. Paul, Minnesota. But Mr. Gunn notes that "in a lot of communities," such programs "would not be acceptable."

The National Center for Health Statistics says that from 1976 to 1981, the pregnancy rate of girls from 15 to 19 went from 101.4 to 110.3 per thousand, and the number of abortions from 54.4 to 66.8 per thousand. In other words, the teen-age pregnancy rate, which is twice that of other industrialized countries, is going up and so is the teen-age abortion rate.

Guerrilla Golfers In New York City

Golf hazards are usually sand and water, but not on the 13 courses within New York's city limits, The New York Times reports. On the Pelham course in the Bronx, Don L. Jerome said one of his tee shots bounced into the rusting hulk of a car abandoned on the fairway. A friend of his was robbed of $65 and his credit cards while lining up an approach shot. Mr. Jerome remarked, "Something like that disrupts a golfer's concentration."

"I know a guy who used to take his guard dog with him to the golf course," said James McDonald, who also recalled a golfer who carried a can of Mace in his bag with the woods and irons. Charles Pessoni said that instead of twosomes or threesomes, he and his friends found it safer to play in eightsomes and sixteensomes.

Things have improved since nine of the city courses were put under private management, which is removing the graffiti and hiring retired policemen and firemen to patrol the courses.

Still, the courses are used for soccer matches, picnics and even for dumping corpses. "We get a certain number of dead bodies," said John DeMatteo, one of the private company's supervisors. "I try not to be the first one out on the courses in the morning."

Short Takes

Acid rain causes $5 billion a year worth of building corrosion in a 17-state region in the northeastern quadrant of the United States, according to findings described as tentative in a study conducted by the Environmental Protection Agency. The study did not go into losses caused by reduced visibility, damage to lakes and forests or to public health. The cost of controlling U.S. acid rain has been estimated at $3 billion to $7 billion a year.

U.S. airline flight delays have fallen 34 percent in one year. Experts credit the hiring of special traffic coordinators at major terminals, the lessening of peak-hour flights and an additional year's experience for the controllers hired after the strike of August 1981.

Under the federal government's six-year-old "flexitime" program, one fifth of the 350,000 federal workers in Washington have chosen to set their own working hours or to work 10-hour-day, four-day weeks. Although the program is considered a success, Congress has yet to make it permanent.

— *Compiled by* **ARTHUR HIGBEE**

U.S. Urged to Protect Its Lead in Space

By John Noble Wilford
New York Times Service

NEW YORK — Competition in launching spacecraft is spreading worldwide, beyond the United States and the Soviet Union, as other nations and several private companies seek to stake a claim in what is viewed as possibly the next economic frontier.

The United States, as a result, is under pressure to protect its economic and technological leadership in space by reassessing the space shuttle's pricing policy, promoting greater private investment in space-related goods and services, and forging a long-term space policy to assure a competitive edge, according to government and aerospace industry officials.

At stake, besides prestige, is a share of what by the end of the century could be a $50-billion annual business, according to estimates by some economists in the aerospace field.

The European Space Agency, a consortium of 11 Western European governments, broke the American monopoly in launching services for the West with its successful Ariane rocket program.

Arianespace, a corporation owned by the French government and European banks and aerospace companies, is aggressively pursuing customers for Ariane's services and has won several contracts that could have gone to American conventional rockets or the space shuttle.

China announced last month a new commercial space program using its own satellites, rockets and ground stations. The Chinese, who have launched 16 successful spacecraft since 1970, have rockets capable of boosting satellites into the high orbit favored for communications satellites.

Japan, emphasizing the export potential of space technology, is also developing its own rocket launching capability and planning to launch next year the first of a series of ocean and land remote-sensing satellites.

France plans to use the Ariane late this year to start the world's first commercial remote-sensing satellite service, competing with the American Landsats, which survey the world's geologic, water and agricultural resources.

India has joined the space-launching nations, and Brazil is building a new rocket base with the intention of becoming the first South American launching power.

Even the Soviet Union is apparently tempted to enter the commercial fray. However, Western space experts say Moscow might be reluctant to allow outside scientists and businessmen access to their facilities, and other governments would probably not allow advanced communications satellites to be exported to the Soviet Union.

Although many nations have communications satellites in orbit, most were produced by American manufacturers. According to one report, there are 1,522 satellites in orbit, many of them still operating.

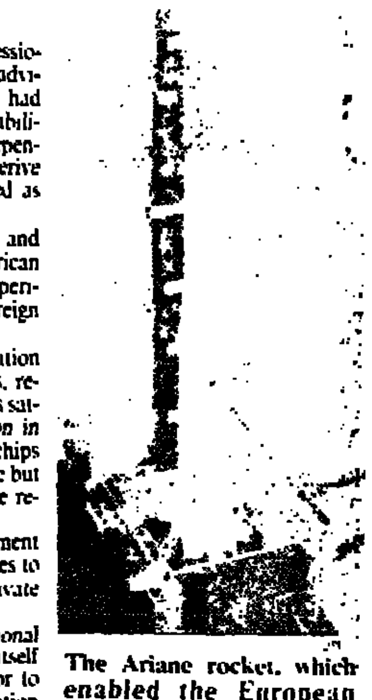
In a report issued Thursday, the Congressional Office of Technology Assessment, an advisory group, concluded that other nations had developed their own space-launching capabilities in a desire to be technologically independent, to gain the economic benefits that derive from space technology and to be regarded as "space powers."

Consequently, as the report concluded and American space officials agreed, American "competitive strategies based on price or superior technology alone will not prevent foreign entry into the launch-services business."

The congressional study found competition greatest in the areas of launching services, remote-sensing services, and communications satellite equipment and services. Competition in the processing in space of drugs, electronic chips and other materials is "currently embryonic but may become significant in the future," the report said.

The panel recommended that the government investigate new trade and regulatory policies to reduce the uncertainties that now hinder private investment in space technology.

The study also concluded that the National Aeronautics and Space Administration by itself "is not well-equipped either to promote or to regulate growth in the commercial exploitation of space." The regulation of "space industries" should be integrated with the regulation of their counterparts on Earth, the report said.



The Ariane rocket, which enabled the European Space Agency to break an American monopoly in commercial space launches.

U.S. Is Said to Gain in Some Arms Areas but to Lag in Others

By Michael Weisskopf
Washington Post Service

WASHINGTON — President Ronald Reagan's trillion-dollar arms program has brought improvements in some areas of U.S. military power, according to a congressional analysis. But in others, the nation is no better off now, or it has even lost ground to the Soviet Union.

The assessment, made public Thursday, said that the record U.S. peacetime military spending during Mr. Reagan's first term had done little to alter the strategic balance, chiefly because of a simultaneous and rapid Soviet buildup.

"Some U.S. problems have been mitigated but many remain, and a few are magnified," John M. Collins, military analyst for the Congressional Research Service, concluded in his report, "U.S.-Soviet Military Balance: 1980-1985."

The report was prepared at the request of several members of Congress who have influential roles in military debates.

They include Representative Les Aspin, Democrat of Wisconsin; Senator Sam Nunn, Democrat of Georgia; and Senator John W. Warner, Republican of Virginia.

The report came as Congress was nearing approval of a $302.5-billion defense authorization bill for fiscal 1986. Its findings are expected to be cited by some lawmakers seeking further increases in military spending.

The 360-page report recommends a fresh look at military strength to reassign priorities to vital areas, before proceeding with policies and programs set in 1980.

Mr. Collins, speaking at a news conference, cited the "very impressive improvements" achieved by the Reagan arms program.

Among those, he said, are a strengthening of the country's technological base, accelerated modernization of tanks, aircraft and ships, enhanced combat readiness of the armed forces and also ability for sustained combat.

But, Mr. Collins added, "inattention" by planners left a number of major limitations, so that "in some very important respects, we find that either we are no better off than we were in 1980 or our position is worse."

Progress in strategic power, he wrote, "has been least where impairment is most pronounced."

While the naval segment of the U.S. deterrent has been strengthened by nuclear submarines and missiles since 1980, the report said, the advance in land-based and air-based weapons has been slower.

Without a missile deterrent system, the U.S. ability to protect its population and economic base from nuclear attack remains "nil," Mr. Collins said.

The nuclear strength in Western Europe is "no better" than in past years and is "backsliding in some respects," Mr. Collins said.

The ships in the Soviet Navy and merchant marine "vastly outnumbered" those of the United States in 1980, the study said and added: "The gap is growing."

The U.S. numerical edge in eight of 10 categories, ranging from strategic nuclear forces to destroyers, slipped in the last four years, the study concluded. The Soviet Union retained numerical superiority in 16 of 19 areas, in addition to its large edge in manpower.

Conferees Restore Weapons Cuts

(Continued from Page 1)

ence agreement include permission for the air force to test a new anti-satellite weapon, an agreement to spend $2.6 billion on the MX missile program, and a $2.75-billion research budget for President Ronald Reagan's space-based anti-missile program.

The House, in approving its version of the military programs bill last month, voted to eliminate 20 weapons programs it considered marginal.

They included the technically troubled Advanced Medium Range Air-to-Air Missile, or Amraam; the E-61, an expensive new communications plane for the navy; Jstars, a new airborne, tank-hunting radar that House members said was too vulnerable to enemy attack; and an assortment of smaller programs.

The Senate, in its bill, voted to eliminate two programs, a 9-millimeter Italian-made pistol to be used as the new sidearm for all of the military services, and a new navy helicopter, the Seasprite, to be used in tracking and attacking submarines.

Senators said the gun was an inadequate replacement for the old .45-caliber Colt pistol, and that the helicopter was not enough of an improvement over an existing version.

Aides said the conferees had restored money to finance all of those programs. In most cases, they said, the weapons were restored after strong pleas from the military.

Some of the programs were restored with conditions governing their cost and performance.

"The problem is, when you look at these things case by case, they all have some merit," one congressional aide said. "Nobody's willing to look at the whole picture and say, this is a higher priority and this is a lower priority."

In addition, the conferees have approved at least four major new programs that are scheduled to advance to costly development stages next year.

The programs, which had been approved in different versions by the House and Senate, include full-scale development of the C-17 transport plane, a $40-billion program; development of a hybrid helicopter-airplane called the JVX, to be used by the navy, Marine Corps, and air force; and research on the Stealth tactical fighter and Stealth bomber, whose costs are classified.

277 Million in Soviet Union

Reuters

MOSCOW — The population of the Soviet Union was 277 million on July 1, an increase of two million over last year, the Central Statistical Board reported Friday.

U.S. Farm Bill Is Stalled Over Price Supports

The Associated Press

WASHINGTON — The House Agriculture Committee has tentatively approved the major grain price-support portion of a new farm bill, but then killed a proposal to allow farmers to vote on a mandatory production control program that would retire at least 35 percent of U.S. cropland.

However, the committee agreed Thursday to reconsider next week its vote on the wheat and feed-grain support section of the bill.

And proponents of the farmer referendum said that they would take the idea to the House floor. The referendum would ask farmers to vote on a mandatory production control program to reduce surpluses and drive up farm prices.

The Senate Agriculture Committee, meanwhile, after appearing near agreement on the grain price-support sections of its own bill, broke up in disagreement over a plan to extend for four years a freeze on direct subsidies paid to grain farmers.

In '73, Superpowers Learned of Risk of Being Dragged Into War by an Ally

(Continued from Page 1)

Schlesinger said, "to deter any such Israeli action, if indeed the Israelis had" a nuclear weapon.

Thus the stage was set for the last major nuclear confrontation between Washington and Moscow.

It illustrated a new danger: that the superpowers, which had learned from the Cuban missile crisis to avoid direct clashes between their own forces, could still be dragged into conflict while assisting allies.

This more complex form of Soviet nuclear diplomacy, which involved sending signals not only to the United States but also to Israel and its own Egyptian and Syrian allies, turned out like earlier episodes. It quickly provoked a U.S. response in the form of a worldwide strategic nuclear alert.

That alert was meant to be kept a secret, except from the Russians. But word of it quickly leaked and reached the entire world.

Another U.S. signal at the time has never been publicly mentioned: a private message to the Soviet Union that said, according to a Pentagon official at the time, that the United States "might not be able to restrain someone else," meaning Israel, "from 'taking out' Soviet nuclear warheads."

That 1973 incident illustrates why nuclear weapons have even begun to lose their value for the superpowers as a tool of diplomacy. And the introduction of a nuclear "wild card" — Israel — may explain why there have been no nuclear alerts since.

On Oct. 6, 1973, Egyptian and Syrian forces launched a surprise attack against Israel, attempting to regain lost Arab lands. As the tide of battle went back and forth, Moscow and Washington each tried to arrange a cease-fire to give its client state the best result.

Early in October, shortly after the Egyptians had invaded the Sinai, the Soviet Union put several airborne divisions on alert. Later, when U.S. aid was flown to Israel, the Russians began flying ammunition and other heavy military matériel into Cairo.

By mid-October, Israel gained the advantage and, by Oct. 21, the Egyptian Third Army Corps, about 25,000 men and the cream of the Egyptian Army, was facing annihilation.

The Soviet leader, Leonid I. Brezhnev, seeing the possibility that Israel was about to score a major victory that could unseat President Anwar Sadat, suggested that U.S. and Soviet forces jointly move into the area to enforce an earlier, agreed-upon cease-fire. Sadat gave his support to Brezhnev's proposal.

At the time, Brezhnev was maneuvering to restore Soviet influence in the Arab world, which had diminished badly less than a year earlier when Sadat had expelled thousands of Soviet advisers from Egypt.

The Brezhnev note came at a time of domestic turmoil in Washington, where the Watergate crisis was intensifying with new calls for the impeachment of President Richard M. Nixon. Days before, Mr. Nixon had dismissed the Watergate special prosecutor, Archibald Cox, and failed to prevent Attorney General Elliot L. Richardson from resigning during what was called the Saturday Night Massacre.

"We felt that the Soviets had been watching what had been going on," Mr. Schlesinger said. "Their concern about the Middle Eastern problem might conclude that the United States was incapable of reacting because of the domestic crisis. And that if they acted boldly, in view of our presumed preoccupations, that they might be able to score a major geopolitical coup."

The report that the Russians were moving nuclear materials to the war zone arrived in Washington at the same time U.S. intelligence lost track of some Soviet air transports. The planes had been flying equipment into Egypt.

Mr. Schlesinger said their sudden disappearance was interpreted as a sign that the Russians had successfully put in place the necessary equipment for a Soviet intervention into Egypt.

Senior officials of the Nixon administration had received these disquieting intelligence reports by Oct. 24, when, late that evening a Brezhnev message arrived declaring Moscow's intention to act unilaterally if necessary.

Senior officials gathered for an emergency meeting late that night in the White House situation room. Secretary of State Henry A. Kissinger presided at the session. Mr. Nixon did not participate. He said recently he already had given Mr. Kissinger "authority to do what was necessary diplomatically to prevent Brezhnev from intervening militarily."

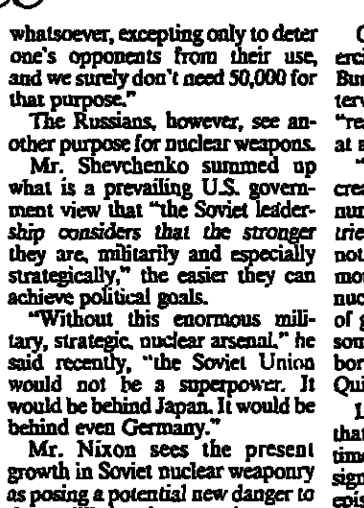
Mr. Schlesinger said: "It was clear we had to react vigorously and there was no real debate about that." Mr. Kissinger suggested a full-scale, worldwide, nuclear alert, "so as to make the greatest impression on the Soviets."

"It was our belief," Mr. Schlesinger said, "that Mr. Brezhnev would be prepared to back down, because he was looking for an easy opportunity to move into the Middle East."

"The United States," he added, "and indeed all of mankind, have been in the fortunate position that Soviet leaders over the course of some 30 or 40 years have been prudent and cautious men. Leninist doctrine tells them not to indulge in adventurist schemes, to wait, because time is on their side."

'I fear that if we do ever see a nuclear weapon used in anger, it is likely to be in the Third World.'

James R. Schlesinger
Former U.S. Secretary of Defense



UPI/1973

But, he added, "That does not mean that the Soviets are so prudent that they refrain from pushing."

At that delicate moment in 1973, the United States responded to Soviet moves by going on alert and privately warning the Russians that the Israelis, too, were on alert. Washington also "brought great pressure on the Israelis to adhere to the spirit and the letter of the cease-fire," Mr. Schlesinger said.

The next day, Brezhnev agreed to a United Nations force without superpower representation to ensure the cease-fire, dropping his threat to intervene with Soviet forces.

Arkady N. Shevchenko, the highest-ranking Soviet diplomat to defect to the West, said that faced "with the risk of a nuclear war or to save Egypt," the choice definitely was to forget Egypt "and avoid the risk of a nuclear war."

The U.S. alert had "actually a sobering effect on the Soviets and the next day they were already not talking about any kind of joint operation or even the possibility of use of Soviet conventional forces," Mr. Shevchenko said.

Reflecting on this episode, Mr. Nixon said recently that "in order to avoid it escalating to the nuclear level, we felt that it was important to make it very clear to Brezhnev then that if he moved in, we would react." But, he added, "we did not at that time threaten to use nuclear weapons. That was in the background."

Speaking more broadly about the superpower standoff since Hiroshima, Mr. Nixon held up nuclear weapons and nuclear diplomacy as "the major factors today, as we look back over 40 years, that have prevented World War III."

A former U.S. defense secretary, Harold Brown, said recently that he "would not ignore the effect of nuclear terror as a deterrent to conventional war. I think it has been real. I think it has contributed to the caution which both the U.S. and the Soviet Union have shown when it's come down to the possibility of engaging each other's military forces."

While the military and even diplomatic value of nuclear weapons appears to have declined over the years, the production of weapons by each nation continues unabated.

U.S. and Soviet leaders have been "notably prudent and careful" dealing with the risk of conventional and nuclear war, a former national security adviser, McGeorge Bundy, said.

But "I don't think we can be as comfortable about the kinds of choices that they have made, or at least approved, in the procurement and deployment of weapon systems which create reciprocal fears and continuing competition," he added.

Robert S. McNamara, secretary of defense in the Kennedy and Johnson administrations, recently criticized both superpowers for continuing to produce new nuclear weapons on top of about 50,000 that now exist.

"I think I can say without any contradiction," he said recently, "that there is no piece of paper in the world that shows how either the Soviets or the U.S., Warsaw Pact or NATO, can initiate the use of these warheads with advantage to itself. They have no military purpose whatsoever, excepting only to deter one's opponents from their use, and we surely don't need 50,000 for that purpose."

The Russians, however, see another purpose for nuclear weapons.

Mr. Shevchenko summed up what is a prevailing U.S. government view that "the Soviet leadership considers that the stronger they are, militarily and especially strategically," the easier they can achieve political goals.

"Without this enormous military, strategic, nuclear arsenal," he said recently, "the Soviet Union would not be a superpower. It would be behind Japan. It would be behind even Germany."

Mr. Nixon sees the present growth in Soviet nuclear weaponry as posing a potential new danger to the equilibrium between the superpowers that has helped keep the peace for four decades.

"Superiority in nuclear weapons for a defensive power keeps the peace," he said. "The United States had it for almost 40 years. And we never used it for offense. We always used it to deter war."

"Superiority for an offensive power, like the Soviet Union," he went on, "a power that is trying to extend its domination, risks the peace."

Not that Mr. Nixon foresees the Soviet Union using its weapons.

"The men in the Kremlin are not madmen," he said. "And they're not fools. They do not want a Europe that has been atomized. They don't want a United States that has been destroyed."

He continued: "The great danger insofar as the West is concerned is not destruction in nuclear war, but surrender through nuclear coercion," Mr. Nixon said.

Others disagree that nuclear coercion is a serious prospect. Mr. Bundy, for example, said in an interview that nuclear diplomacy has "really never worked for either side at any time.

"Nuclear danger," he said, "has created the natural caution at a number of points for many countries, including our own. But the notion that you could use a nuclear monopoly, or even less, a marginal nuclear advantage for the purpose of getting things your own way in some disputed area is not, I think, borne out by the historical record. Quite the opposite."

Like others, Mr. Bundy doubts that U.S. nuclear superiority at the time of the Cuban missile crisis was significant to the outcome of that episode. U.S. conventional military superiority in the Caribbean plus a workable diplomatic option ended the Cuban crisis, he believes.

Mr. Nixon believes today's greatest danger is "what happens when these nuclear weapons come into the hands of smaller powers." That view is widely held among former U.S. officials.

Mr. Schlesinger said, "I fear that if we do ever see a nuclear weapon used in anger, it is likely to be in the Third World."

Mr. Nixon said that deterring the spread of nuclear weapons to such countries as Libya, led by Moamer Qadhafi, was a common Soviet and American interest.

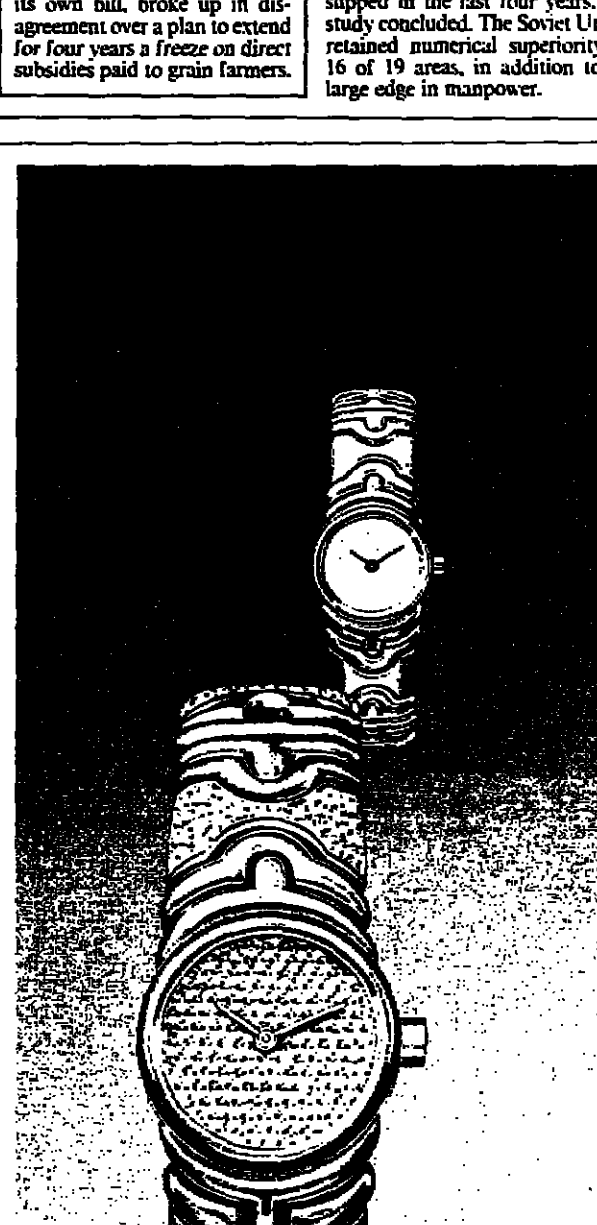
"Both the United States and the Soviet Union," he said, "don't want these nuclear weapons to be proliferated all over the world because some nut like Qadhafi, you know, may set off the whole world."

Soviet Ship Is Rescued From Icy Antarctic Seas

Reuters

MOSCOW — A Soviet research ship trapped in frozen seas in Antarctica for 133 days was freed Friday by an icebreaker sent from the Pacific port of Vladivostok, the official press agency Tass said.

The ship, the Mikhail Somov, with a skeleton crew of 53 on board, is sailing under its own power through a channel carved through ice 1.5-meters (4.5-feet) thick.



INTERNATIONAL Herald Tribune
Published With The New York Times and The Washington Post

A Budget Failure Looms

A political failure of historic magnitude is developing in Washington this summer. Both the White House and the House of Representatives have repeatedly given thought to a serious attack on the budget deficit — and have repeatedly decided that they would rather not. The Senate has put on the table a new proposal that, among other things, would impose a stiff tax on imported oil. It could accomplish the necessary feat of getting the deficit below $100 billion a year by 1988, but its chances of passage are not brilliant.

The consequences of failure would be drastic. The costs would not be paid by the Reagan administration, which has no more elections to win or lose, but by all the people throughout America and the world on whom the weight of economic breakdown would fall.

The Senate proposal is probably the last chance for substantial reduction of the budget deficit this summer — and if nothing is done this summer, nothing will be done before the next presidential election. Next year is an election year, never a good time for tax increases. And after that? It will be the second half of the president's second term.

Whose fault is the present deadlock? Fault inevitably lies primarily with the president. He instigated the oversize tax cut of 1981 as part of a great strategy supposed to send savings, productivity and output all soaring. None of that has happened, and President Reagan has steadfastly refused to come to terms with that failure. Instead he keeps fighting off tax increases while the debts mount.

Much responsibility also belongs to the House Democrats. Their adamant defense of the Social Security cost-of-living increases is a disservice to the country. If they and the president cannot get together on some variant of the Senate proposal, and do it within the next 10 days, the odds will shorten dramatically on a series of highly unpleasant possibilities.

The budget deficit and the Treasury's constant borrowing keep interest rates unusually high. The conventional wisdom is that the government will eventually try to erase these debts with inflation, but that will not work. The financial markets are dominated by people who lost a great deal of their own and their clients' money in the late 1970s by underestimating inflation, and they will not make that mistake again. At any sign of rising inflation, interest rates will go shooting up as lenders scramble to protect themselves. Economic growth, already faltering, will drop.

At that point America will probably be forcefully reminded that its present prosperity depends crucially on the money that it is borrowing from abroad at a rate of $120 billion a year. If the foreign lenders begin to get nervous and pull back, the dollar exchange rate will drop and inflation will accelerate while interest rates take another leap upward. Then you will begin hearing more about trouble in the banking system, and the burdens of the indebted Latin countries will become truly intractable. There you have the formula for an economic misfortune that goes well beyond the scale of any conventional recession.

None of these things need happen. But a failure to enact the Senate proposal, with strong and explicit presidential support, would sharply increase the chances of a real disaster. Failure to act now, before the recess, would greatly strengthen the possibility that, several years from now, Americans will cast a heavy judgment on the president and Congress that wasted the summer of 1985 in petty maneuvering for partisan advantage, at a time when disaster lay directly and visibly ahead of them.

— THE WASHINGTON POST.

Toward Peace in India?

When Rajiv Gandhi was catapulted to the leadership of the world's largest democracy by his mother's assassination last year, he was inexperienced and untested. His spectacular triumph in the election soon after owed more to sympathy for his martyred mother than to any achievement of his own. The success of his recent trips to Moscow and Washington was, likewise, discounted as deriving from his youth and charm. Now Prime Minister Gandhi has emerged as a true heir to the skills and strengths of the Nehru-Gandhi dynasty. He seems about to conquer the issue that most gravely menaces India's future, the seething Sikh violence that has convulsed the country for years and surely cost his mother her life.

This conflict began with Sikh demands for greater provincial autonomy, territorial adjustments and greater access to river water for irrigation. Thousands of lives have been lost; the terror has spread beyond the Sikh homeland in Punjab, even beyond India's borders.

Yet Prime Minister Gandhi and Harchand Singh Longowal, the Sikh political leader, have managed to negotiate an agreement that addresses key original demands of the Sikhs, plus new ones occasioned by the violence and repression. If their constituencies ultimately accept the accord, it will at last be possible to contemplate an end to the enduring violence, and a harmonious future.

Mr. Longowal launched the Sikh campaign three years ago with Mahatma Gandhi-style tactics of civil disobedience, but militant and terroristic factions took over. Indira Gandhi's government responded by sending the army into the Golden Temple and other Sikh sacred sites last summer. More than 1,000 Sikhs perished, including the most militant leader; much of the moderate leadership was put in detention. Mrs. Gandhi was murdered four months later, allegedly by her Sikh bodyguards, and uncontrolled anti-Sikh rioting brought injury and death to thousands of Sikhs. Negotiations resumed after Mr. Gandhi released Mr. Longowal and other leaders.

Opposition to the agreement can be expected from militant Sikhs, but it remains reasonable to hope that most will approve. Mr. Longowal and Mr. Gandhi merit admiration. Mr. Longowal has brought a long campaign within sight of success. Mr. Gandhi has mobilized his political capital and taken real risks in the interests of his country's future. All of India's friends wish him success.

— THE NEW YORK TIMES.

Clear America's Voice

That was quite a bolt that France hurled at South Africa: a three-pronged announcement of recall of the ambassador, suspension of new investment and introduction of a United Nations condemnation of the state of emergency. At one stroke the French took the hardest, or at least the most conspicuous, position of any Western state. Observers link the new French position to a decision by the Socialist government, facing elections, to adopt a genuinely leftist stand on at least one major issue. It is a diplomatic event all the same.

We confess to a certain envy in viewing the French position. Skeptics ask what the angle is and point out that unrest in South Africa is a greater damper on investment than any act of Western self-denial. Still, no one can be in doubt about where the French stand on apartheid. Whereas, five years into "constructive engagement," many Americans and almost everyone elsewhere suspect that the United States is cozying up to apartheid.

The Reagan administration has some sophisticated rejoinders, but it must fight its way upstream against the impression of permissiveness left by the president, who can seem impervious to black victimization, and by the State Department, which becomes increasingly defensive. "America is anathema to people in South Africa now," says Sheena Duncan, a white South African long associated with the anti-apartheid movement. Her words cut.

The terms of the West's argument over sanctions are changing. South African rigidity and American ambivalence play off each other. We think that the Reagan administration is right in claiming that sanctions — not just the threat of them, but the reality of them — are less likely to pressure whites toward reform than to slow down the economy, a powerful engine of black advancement. But with the administration's own commitment to ending apartheid under a cloud, its resistance to sanctions gives sanctions a good name. Congress is moving toward some form of sanctions — watered down, perhaps, but precedent-setting.

If there is a legitimate argument over sanctions, there can be none over the value of bringing the West's moral authority to bear. Remote, lonely and frightened as well as proud, white South Africa craves inclusion in the company of the West. This gives Western words and gestures uncommon importance. The Reagan administration has dissipated much of the leverage available to the United States. Briefly last fall it seemed as if the president had found his voice — the American voice. The effect was electric, but there was no follow-up. Where is the American voice?

— THE WASHINGTON POST.

FROM OUR JULY 27 PAGES, 75 AND 50 YEARS AGO

1910: America to Prop Up Liberia

LONDON — Nothing less than the apparition of the United States as a new Power in the Old World, says the "Daily Mail," is indicated by an announcement by Reuter's agency. This foreshadows the undertaking by the United States of responsibility of controlling the Republic of Liberia. The announcement follows the visit of an American commission to Liberia to deal with the finances of the country, which have fallen into disorder. A debt of £100,000 at 7 percent was contracted in 1871, but interest has not been regularly paid, and though only a comparatively small sum is needed to place the finances in order Liberia's credit is nil. A loan will now be raised under American auspices to pay off this debt, which is mostly due to British subjects, and the United States, France and Germany will participate in floating it, Great Britain apparently being excluded.

1935: 'Bounty' Film Crew Overboard

SAN PEDRO, California — Seventy-five movie workers aboard a replica of H.M.S. Bounty, filming the famous story of the mutiny on the old square-rigger, were pitched into the sea during a squall which struck the vessel near San Miguel Island, about fifty miles from Santa Barbara [on July 26]. It was reported that the ship had sunk, taking three engineers with it. A cameraman is also missing, and more than $50,000 worth of motion picture equipment has been lost. A Coast Guard cutter is rushing to the rescue. The cinematic Bounty was a barge that had been transformed into a reproduction of the famous 90-foot vessel skippered in the South Seas by Captain Bligh about 150 years ago. Clark Gable, Franchot Tone and Charles Laughton are starred in the movie version of "Mutiny on the Bounty," but none of them was aboard during the squall.

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Much Ado About a Freeze — Remember?

By Charles Krauthammer

WASHINGTON — Whatever happened to the nuclear freeze? It seems just yesterday that it was sweeping America, gathering before it politicians, teachers, doctors, children and other living things. Two years ago the freeze resolution passed the House of Representatives by an overwhelming margin. People were falling over themselves to claim credit for it.

Remember the urgency? "We are on the verge of blowing ourselves off the face of the Earth," said Representative Ed Markey three and a half years ago, repeating what was then a commonplace. In 1982, in perhaps the largest demonstration in American history, nearly a million people turned out in New York to call for disarmament.

In a few days there will be demonstrations again, this time for the 40th anniversary of the bombing of Hiroshima. There will be demonstrations and speeches and a ribbon to be tied around the Pentagon to banish nuclear war. There will be yet another Markey freeze resolution introduced in the House, this one "comprehensive." There will be petitions and letters.

Yet this time around it is not the same. It all has the sound of a faint echo. And the look is ritualized, too, in part because Aug. 6 is a solemn commemoration, but in larger part because the life has gone out of the movement. The heady days, Ground Zero days, are gone.

Indeed, the freeze itself is gone. Aug. 6 will simply highlight that fact. It is a reminder of how little is now heard about the issue that was to be, literally, the issue to end all issues.

What happened? What killed the freeze?

A sampling of speculations:

- Success? The anti-nuclear movement did help move President Reagan to accept the politics, if not the wisdom, of arms control. Americans and Soviets are talking in Geneva. But we are as far as ever from a freeze, let alone from satisfying any millennial longings for disarmament. This explanation sounds like a retrospective version of the Aiken solution to the Vietnam War: Declare victory and go home.
- Anxiety shift? What people really demand from arms control talks is not that they succeed but that they go on. People always have some anxiety about nuclear war, but it only turns to political agitation when they feel that the people in charge do not share the anxiety. As soon as Mr. Reagan promised to worry about the issue and take over the burden, the movement faded.
- Nuclear winter? That new idea, promulgated by the movement's friends, turned into a classic political boomerang. The notion that only a small number of nuclear detonations would destroy mankind was meant to galvanize the anti-nuclear movement. But it makes plain that the freeze, or any other plan to control nuclear arms — even George Kennan's idea to cut them in half — would still leave the world on the eve of nuclear winter. The only solution to "winter" lies in near total disarmament, and beatific visions do not sell terribly well in America.
- "Star wars"? Another new idea, this one hatched by an enemy. It did not, of course, make anybody stop believing in the anti-nuclear movement, but it confused its argument. The freeze had been fueled by an abhorrence of deterrence and the balance of terror that underpins it. But to oppose a nuclear defense meant having to argue in favor of deterrence. "Star wars" has turned the anti-nuclear case against itself.
- Nov. 6? The freeze party carried Minnesota.
- The media? In a development that will interest the right, Mother Jones magazine blames a media "blackout" for the freeze's demise. This comes from (Jesse Helms, take note) the media's "pro-establishment bias." It seems only fair: They make you and they break you. The problem with this theory is that it overlooks Nov. 6.

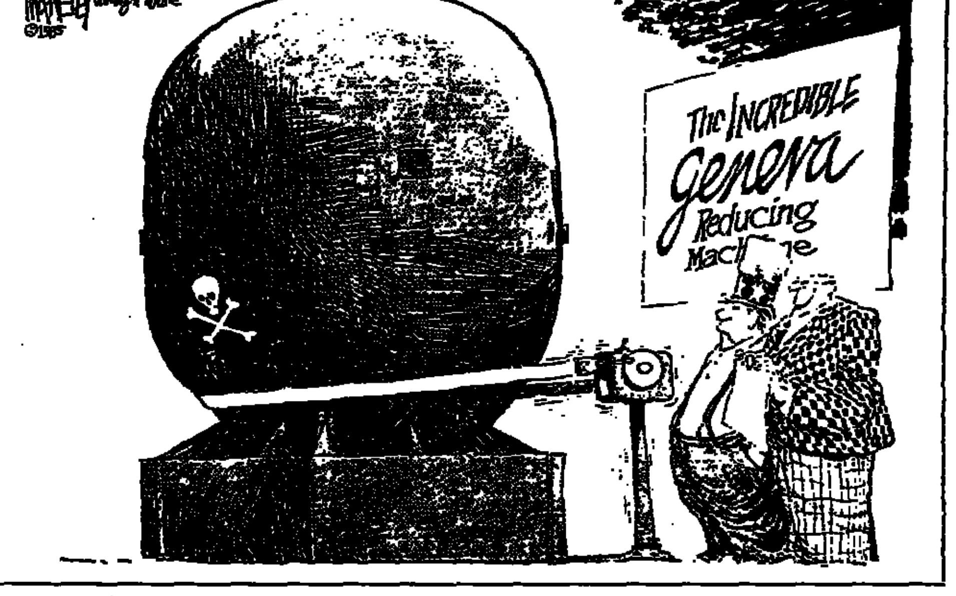
The anti-nuclear movement of the '80s, born in Europe and matured in the United States, has now moved south. (It had trouble moving east.) It has set sail for New Zealand, now officially anti-nuclear. New Zealand will not receive ships of the U.S. Navy for fear they may be nuclear. Its people and sheep sleep better now.

This is not the end, however. No doubt the movement will come north again. A new generation will someday ask the same questions, explore the same alternatives and rediscover the same hard truth: that deterrence is both inescapable and indispensable. Meanwhile, the movement will have to live on memories.

I called my doctor to ask about an X-ray-like device called nuclear magnetic resonance. "Magnetic resonance imaging," he corrected me. "We can't use the word nuclear anymore."

There once was an anti-nuclear movement in America with the power to change the name of medical devices. Tell your children.

Washington Post Writers Group.



Sanctions Might Get the West's Message to Pretoria

By Flora Lewis

PARIS — The slow-burning fuse of racism in South Africa is getting shorter. It is hard to determine whether the Reagan policy of "constructive engagement" made the deteriorating situation worse. Certainly it has not made anything better.

The state of emergency proclaimed in black townships may be a crossroads. Oliver Tambo, exiled acting head of the African National Congress, has called for "a general offensive to make apartheid impracticable and South Africa ungovernable."

Yet even Mr. Tambo still speaks of a day when blacks and whites can both live in their huge, generously endowed country in common peace and dignity. Militant blacks accept South Africans of European descent as a "white tribe," people who belong to the land as much as they do. It may still not be too late to reverse direction and begin the long, hard process of reconciliation, although explosive pressures are clearly mounting.

The sorry state in the rest of Africa cannot justify South Africa's attempt to maintain a nation of two societies, not really separate, as apartheid implies, but one atop the other, a crust of democracy and well-being supported by rank servitude and misery.

President Pieter Botha echoes the familiar African lament that what is wrong is the fault of outsiders. In his case he blames Communists, not of course imperialists and multinationals who are the usual butt in other parts of the continent.

But it was South Africa's aggressive policy to drive the ANC out of bordering states that provoked greater challenge within the country.

The tone of desperation in the appeals of Bishop Desmond Tutu to end violence should be taken as a serious signal. He threatened to emigrate if blacks continue to murder blacks considered to be collaborators. That is almost an admission that modern leadership is losing its base and that the voice of reason and tolerance is losing its audience.

White South Africans risk being caught between their own extremists and rising black fury. The police measures have destroyed the last shreds of pretense that the system aimed for independent development for blacks. The whites have the guns. The blacks' only power is their numbers. But if confrontation is allowed to escalate, there will not be much room for accustomed security and comfort in between.

Just because it is Western, with a capacity to produce well and the infrastructure of a modern society, South Africa has a responsibility to a continent that is foundering in tragedy. But it seems to be scurrying lemming-style into its own abyss.

"Constructive engagement" was advanced by Washington on the premise that the regime in Pretoria really did want to find a way out of its self-made dilemma. There was no historic inevitability about apartheid; it was imposed in steps of increasing severity after World War II. South Africa could have evolved in another way. But it didn't, and the recent steps to modify the system have been too wide of the realities of everyday life, too reluctant to address the central issue of legal equality, to be taken as a sign of regret and a desire to correct the terrible mistake.

So the democratic West now has the unhappy task of making clear to South Africa's leaders what they do not want to see for themselves: They are on a path of disaster.

Sanctions are a poor tool of international relations as a general rule. The effect is seldom more than symbolic. But symbolism is critically important in the South African case. There is nothing beyond it but force.

Black militants have noted wryly that the democracies seem to get worked up about South Africa only when there is violence. Blacks do not really want violence; blacks would hurt most. But they have not been given much evidence of consistent interest in the cause of justice without upheaval. They, too, need to hear the United States speak up firmly.

This is said in much sympathy and awareness of the dreadful dangers ahead of South Africa. Willy-nilly the United States is involved. It must act to head off the worst.

The New York Times.

A State of Emergency, Then More Emergency

By Eric Marsden

JOHANNESBURG — Reaction to President Pieter W. Botha's declaration of an emergency has been stronger than expected. The French government's decisions to freeze new investments and recall its ambassador took Pretoria by surprise.

Despite the condemnation on all sides, Mr. Botha had little choice but to declare the emergency. Many Afrikaners agree with Andries Treurnicht, leader of the right-wing Conservative Party, that he should have done it sooner. It had become evident, since the March shootings at Uitenhage, that police using conventional methods were unable to cope with the growing unrest.

Pretoria apparently aims to defuse the violence by mass arrests of community leaders who were trying to take control of townships after driving out councillors and black policemen with mob violence. Most of the radical leaders support the United Democratic Front, which urges nonviolent action but has been unable to control the teen-age mobs.

Anger is growing in thousands of black families over the current arrest rate of close to 200 people a day. The detainees are held incommunicado.

Opposition politicians and members of the Black Sash — a white women's group that fights for black civil rights — fear revenge actions by the police. The Black Sash has spent months collecting affidavits from township residents alleging brutality by individual policemen. Allegations link the police to right-wing vigilantes responsible for last month's murder of four UDF leaders and the disappearance of many others.

Many black policemen have scores to settle. Some of their colleagues have been hacked to death; 306 policemen and their families have had their houses destroyed by arson.

Mr. Botha's breathing space is likely to be short. And when he does lift the emergency laws, he will still face the problem that led to the rioting — the exclusion of the black majority from the new constitution.

He was hoping to set up a negotiating forum of "moderate" blacks, but, at the instigation of ANC agents, radical forces have succeeded in destroying the local authority system. It is doubtful whether the emergency will make it possible to reinstate it.

Mr. Botha's ruling party sprang a surprise recently by calling for blacks opposed to "the system" to join the negotiating forum, to work out a new dispensation in which no racial group could dominate another. This is not likely to attract any takers. The ANC leadership-in-exile has said that there can be no negotiations unless they cover the dismantling of apartheid, and that proposals must be endorsed by "the entire democratic leadership of South Africa." This means that Nelson Mandela and others must be released, the ban on the ANC lifted and all exiles allowed to return.

There is an unbridgeable gulf between this demand and the "non-negotiables" laid down by Mr. Botha earlier this year: Whites "will not abdicate," there can be no unitary state based on one-man, one-vote, and there can be no fourth legislative chamber for blacks. No radical black leader would sit at the table faced with such a severely limited agenda.

Bishop Desmond Tutu, emerging as his people's leading spokesman, at least in the world's eyes, has stressed that he is only standing in for Mr. Mandela and the others.

Mr. Mandela has already rejected Mr. Botha's offer to release him if he will renounce violence, apparently fearing a trick to split him from the current ANC leadership. Mr. Botha is now under pressure to release him unconditionally, as a compassionate gesture to a man who has spent half his adult life behind bars.

That would probably not lead to peace talks unless the government drastically changed its terms, but it would earn a rare credit for South Africa and perhaps halt its slide into international isolation.

The writer is South African correspondent for The Sunday Times of London. He contributed this comment to the Los Angeles Times.

Republicans Are Brewing Up Ideas

By David S. Broder

WASHINGTON — An unpublicized meeting last weekend in the Great Smoky Mountains of Tennessee may turn out to be a landmark in the saga of the Republican Party's effort to become the governing party in America.

Four governors, three conservative House activists and two of the Republicans' most influential political consultants met at Blackberry Farms. The host and prime mover was Tennessee's Governor Lamar Alexander, who takes over this summer as chairman of the National Governors Association. The other governors were Dick Thornburgh of Pennsylvania and John Sununu of New Hampshire (the chairman and vice chairman of the Republican Governors Association) and Jim Martin of North Carolina, a former House member.

With them were pollster Robert Teeter and campaign consultant Douglas Bailey, products of the party's progressive wing and strategists for many Republican gubernatorial candidates; and three leaders of the House Conservative Opportunity Society, a controversial group that thinks of itself as the cutting edge of "the Reagan revolution" — Newt Gingrich of Georgia, Connie Mack of Florida and Carroll Campbell of South Carolina.

The session was the result of a call from Mr. Alexander to House Minority Whip Trent Lott, a Mississippi Republican. The governor, as he told me, expressed his "frustration" that whenever the party had a campaign strategy meeting, "we get a wagon load of Washington, D.C., operatives talking about the gold standard and Afghanistan and a lot of other things that can't possibly get a Republican elected mayor of Johnson City.

"I told Trent that some of his right-wing friends have helped the president find a way to talk about issues that boosted the Republicans on the national level, but we don't seem do that well at the state or local level. I asked him if he could get some of us together with some of his friends and see if we couldn't come up with some ideas."

The upshot was the Blackberry Farms meeting. (Representative Lott missed it because of a schedule conflict.) All the participants I interviewed said it was probably the best brainstorming and strategy session they had ever attended.

The group discussed 'mutual trade,' as opposed to free trade or protectionism.

Out of it came the outlines of what the participants found themselves calling "Reagan Revolution Stage 2," an effort, as Mr. Thornburgh put it, "to extend GOP victories beyond the [Washington] beltway" in the 1986 elections.

It is not idle talk. Governors Thornburgh and Sununu are well launched on a campaign to raise $2 million for the RGA to use in the 38 gubernatorial elections of 1986. They have signed up President Reagan for an autumn fund-raiser that will give the RGA its first real financial and political credibility.

The Tennessee meeting is the start of a parallel effort to inject intellectual substance into the RGA by identifying Republican themes and programs that rely on state level leadership. In addition to education, the group focused on the need to improve America's competitiveness in the international economy — including what Representative Gingrich called "mutual trade" policies as an alternative to free trade or protectionism.

The spontaneous focus on job development and trade policy — which the Reagan administration has brushed aside with laissez-faire nostrums — shows the usefulness for a party of mixing state and federal perspectives. It carries a warning to the Democrats — who have just launched a national policy commission dominated by state and local officials but with a cumbersome 100 people involved.

Meanwhile, the Tennessee meeting sends a message to establishment Republicans who dismiss the Gingrich gang as publicity-seeking bomb-throwers. The four governors went to Gingrich & Co. for ideas — and found them. House Republican moderates, who have talked about meeting with their party's governors but typically procrastinated, have again been bypassed.

Finally, these Republicans have the germ of an idea that might in fact move the Reagan revolution into a new phase. Mr. Campbell, who will leave the House next year to run for governor of South Carolina, put it best: "We have won at the national level by promising to restrain the federal government's role. But people want and expect their state governments to be active and involved in solving problems."

I am more convinced than ever that the 1986 gubernatorial elections are the next critical battleground for American politics. The Democrats who control two-thirds of the states need to understand that the Republicans are coming at them in a more serious way than they have ever seen.

The Washington Post.

Watching The Dollar Cool Down

By Hobart Rowen

WASHINGTON — Since March, the U.S. dollar has been sliding from its peak values against other currencies. The Reagan administration welcomes gradual depreciation because that might counteract protectionist pressures in the U.S. Congress. Much of America's $123-billion trade deficit of last year is blamed on the overvalued dollar.

Treasury Secretary James A. Baker 3d said in a Washington Post interview, "We're not displeased with the recent decline." On average the dollar is off about 13 percent from its peaks.

That is little compared to the 74-percent increase on a trade-weighted basis from the third quarter of 1980 to this year's first quarter. But, mindful of the troubles experienced by some of his predecessors who were accused of "talking the dollar down," Mr. Baker was careful not to set any lower target for the dollar.

Other officials have said privately that they would welcome an overall 20- to 25-percent decline.

A slide in the dollar has negative as well as positive implications. Imports would be more costly, causing new inflationary pressures. In addition, as Federal Reserve Board Chairman Paul Volcker has been pointing out, a cheaper dollar provides less incentive for foreigners to buy Treasury bills and notes, meaning that an important source of financing for the budget deficit is threatened.

It would take a much more substantial decline in the dollar before there would be beneficial effects on the trade deficit or negative effects on inflation. And therein lies a dilemma for government officials and the Fed.

A "precipitous" decline in the dollar "is the greatest risk we have on the inflation front," Mr. Volcker told a House banking subcommittee. He pointed out that if the Fed lets the dollar go too low, and foreign investors pull their funds out of the United States, interest rates would have to rise sharply to attract enough domestic money to cover the budget deficit.

Thus, Fed policy at the moment appears to be giving priority to keeping a heavy inflow of foreign capital to help finance the deficit.

Mr. Volcker, through the haze of his cigar smoke and sometimes obscure rhetoric, is trying to tell the markets that he does not want to risk a dramatic decline in the dollar by pursuing lower interest rates — even though lower rates would be welcome news for a sluggish economy. Yet, he promised, the Fed will still follow a monetary policy generous enough to fuel what it hopes will be an improving growth rate for the economy in the second half of this year.

The Fed is in the equivalent of a high-wire balancing act, and no one is sure it can bring it off. If Mr. Volcker brings it off "it would be a feat rarely if ever accomplished," says Henry Kaufman of Salomon Brothers.

So far, despite the plunge in interest rates since March — the six-month Treasury bill rate dropped to 7.25 percent from 10.5 before picking up slightly after Mr. Volcker's testimony — the United States remains attractive to most foreign investors as a "safe haven."

The Fed had hoped that President Reagan and Congress would get together on a budget-reduction package that would allow room to maneuver on monetary policy without risking serious new inflation.

The administration was counting on a deficit-reduction package of around $50 billion this year and $300 billion in the next four years. But prospects for that have been jolted by political realities on the Hill.

Added to the concern over the budget and trade deficits is doubt about President Reagan's health. Momentarily shaken by news of his cancer, the markets recovered with his quick response after surgery. But the medical assessment that about half of those afflicted with colon cancer die of the disease is a sobering thought, and may be one reason for the more recent market slide.

Another uncertainty relates to the future course of the Fed. Two governors known as "sound money" men and Volcker backers will leave this year and next: Lyle Gramley, who has announced his retirement, and Charles Partee, whose term expires next year and who is not expected to be renamed by President Reagan.

Theoretically, Mr. Volcker could find himself in a minority on the seven-member board. Financial markets worry that Mr. Volcker might quit in such a situation.

The Washington Post.

LETTERS

Three Simple Questions

Caroline Fredrickson thinks "Youth Should March on Washington" *(July 15)*. She has me wondering what would happen if enough youngsters got together in the debtor countries and formed a coalition powerful enough to cancel those countries' debts. "Why should we keep paying high taxes and be submitted to an austerity plan," they might reason, "just to pay back the monstrous debts incurred by our ancestors?"

"Why shouldn't we cut the nominal value of our government bonds in two or in four?" would similarly reason the young U.S. citizens.

And why not holiday on the moon?

JACQUES LINDON.
Paris.

The Simple Idea of Help

Westerners would seem to need Live Aid concerts at least as much as the designated African beneficiaries. There is too little optimism in the air today; present politics and economics do not encourage young people to look to the future. The simple idea of helping the hungry is welcome.

J.R. AVIVSON.
Hastings, England.

Turkish Imam on Trial For Writing Sex Guide

Author of Best-Selling Book Charged With Urging Return to Islamic Custom

By Henry Kamm
New York Times Service

ANKARA — A prominent Moslem clergyman has gone on trial in Istanbul on a charge of "advocating a return to Islamic practices in social life" in publishing a best-selling book, "Sexual Life According to Islam."

The prosecutor demanded seven and a half years of imprisonment for the clergyman, Imam Ali Riza Demircan, as the trial began in the state-security court on Thursday.

The imam also faces a later trial before a regular court on a charge of "defaming and insulting Islam and the Prophet Mohammed" in the book.

The accusation of advocating the application of Islamic law is the more serious charge by far. Although about 99 percent of the more than 50 million Turks are Moslems, the republic founded by Mustafa Kemal Ataturk in 1923 is determinedly secular.

The modern upsurge of Moslem fundamentalism in many parts of the Islamic world has made governments in Turkey especially sensitive to stirrings that suggest a call to introduce aspects of Islamic law as the law of the land.

Imam Demircan's two-volume work, a mixture of guidance on sexual technique and admonitions to follow his interpretations of Islamic scriptural morality, offended on two grounds. It violated the tradition of a country that has been slow to follow the international trend toward candor about sex, and it provoked concern among authorities who seek to protect the secular basis of modern Turkey.

The government has removed Imam Demircan from the Istanbul mosque at which he preached. Although Islam was disestablished as Turkey's official religion in 1928, the government nevertheless appoints all imams and pays their salaries.

Imam Demircan's book, which appeared last March, quickly sold 10,000 copies, making it an exceptional commercial success. Its serialization by Gunaydin, an Istanbul daily newspaper, prompted the public prosecutor to bring charges and order the book withdrawn from circulation.

The government moved to transfer the imam to a job outside Istanbul, but he refused and was suspended.

Although photographs of lightly clad women have become common in the press and mild pornography has become available, Turkish society remains more easily shocked than that of most countries by explicit discussions of sex.

A university-educated young woman who was asked by an embassy for which she works to read and summarize the book said Turks were particularly shocked that the book mixed sex and religion. "Religion is holy and sex is considered something very private," she said. "To bring them together is considered sacrilegious."

Imam Demircan drew most of his examples to illustrate an Islamic sex life from the life of Mohammed himself. The work abounds in purported details of Mohammed's marital life with his nine wives. It will be up to the court to determine whether the graphic examples the imam cited derive from accurate renderings of the Arabic scriptures or from loose translations and personal interpretation.

According to Imam Demircan, Islam requires of women total sexual subservience to their husbands.

The imam also described Mohammed as urging men to satisfy immediately all stirrings of desire with one of their wives, so that "you will not be tempted into doing something sacrilegious," such as adultery. At the same time, the book emphasized Islam's prohibitions against adultery, homosexuality and sexual deviation.

Imam Demircan recalled in detail the specific penalties for sexual offenses prescribed in Islamic law, although he stopped short of explicitly demanding their application in Turkey. He listed such penalties as death by stoning for adulterers, death for male homosexual acts or sex with animals, beatings for lesbians and blinding for voyeurs. This is believed to be the basis of the charge of calling for Islamic law in social life.

Imam Demircan also went counter to the government's advocacy of family planning by declaring all forms of birth control to be contrary to Islam.

The imam, 39, abides by Turkish law by having only one wife. They have nine children and a grandchild.

The Associated Press

Imam Ali Riza Demircan, the author of "Sexual Life According to Islam," with the woman who published the book, Mahi Gungor, in Istanbul where he is being tried.

Italian Communists to Meet on Setbacks

By Loren Jenkins
Washington Post Service

ROME — The Italian Communist Party, stung by recent electoral defeats that put in question its reputation as the most successful and largest Communist movement in the West, has decided to convene a special congress aimed at revitalization.

Political observers said the move to call a congress a year ahead of schedule and to assign its preparation to a 70-member commission instead of leaving it, as usual, to the top leaders, reflected the state of turmoil among the Communists.

The decision came Wednesday at the end of a three-day meeting of the party's Central Committee. According to a senator who attended, the standing of the movement was hotly debated and, by implication, the year-old leadership of Alessandro Natta was questioned.

The issues, said the senator, were two election failures this year, the party's apparent "identity crisis" and its isolation after two years of government by a five-party coalition under the Socialist prime minister, Bettino Craxi.

"We all agreed that things have to change," the senator said. "What we couldn't agree on was how. That will now be left to the party congress to determine."

The Central Committee meeting culminated a period of self-analysis initiated by Mr. Natta after the defeat in June of a Communist-proposed referendum that challenged Mr. Craxi's plan to end automatic pay increases pegged to the cost of living.

In 1976, 34.5 percent of the electorate voted Communist, and the party controlled most large cities. In 1983, the party won just under 30 percent. Its performance in provincial elections two months ago was only slightly higher. The failure to rally even the working class was a shock to the party.

Analysts say the problem of the Communists is that, since the advent of the first non-Christian Democratic prime ministers in the 1980s, the party no longer attracts voters as a sole viable alternative to the Christian Democrats, who had been dominant since World War II.

When the Communist Party's fortunes were at their height, under Enrico Berlinguer in the 1970s, even Christian Democrats began to believe in an inevitable sharing of power with the Communists.

All that changed in the 1980s when the Socialist Party, under the leadership of Mr. Craxi, broke out of its own ideological isolation to play a role as a power broker between the larger Christian Democratic and Communist parties.

"The Communist problem is simply that today Italian voters understand there are alternatives to Communist and Christian Democratic rule," said Paolo Garimberti, Rome editor of the Turin daily La Stampa. "That has left the Communists isolated and alone. Until they can find a way of forging alliances with the Socialists, whom they now just attack, or some other natural political ally, they will remain in the wilderness."

Mr. Natta, 67, was elected to head the party in June 1984, when its fortunes were already showing signs of decline. He has been blamed by many stalwarts for the recent sense of drift.

Responding to internal pressures, Mr. Natta called for an open debate to "reflect on our policies."

In response, leader after leader offered interviews in the press to air their opinions, underlining that the party was badly split about its future, and even about the present.

Luciano Lama, head of the powerful General Union of Italian Workers, complained in print that "there is a loss imagination, of contact with reality and the problems of Italian society."

Mr. Natta was on the defensive Monday when he addressed the Central Committee. He was said to have called for a return to the party's traditional "democratic centralism," meaning disciplined submission to leadership decisions.

Camera Press

Alessandro Natta

Austrian Coalition Threatened by Wine Scandal

Reuters

VIENNA — Chancellor Fred Sinowatz demanded an end Friday to political squabbling over blame for Austria's wine scandal, which could cause trouble for his uneasy coalition government.

Mr. Sinowatz spoke as the authorities in Austria and in other countries recovered more wine contaminated by a poisonous sweetening chemical, normally used in automobile antifreeze. Austria's agriculture minister also promised Friday a new wine law that would be the strictest in the world.

The ministry gave the ambassadors of 35 nations a list of contaminated wine. Bottles have already been found in Japan and the United States, but most concern has been in West Germany, the main importer.

In Bonn, Health Minister Heiner Geissler announced moves to tighten controls on wine imports as his ministry's danger list of Austrian wines increased to 350.

Officials of the various Austrian ministries involved have appeared reluctant to accept responsibility, and opposition parties have demanded the resignation of Agriculture Minister Güenther Haiden and Health Minister Kurt Steyrer.

Several members of the two-year-old government have been touched by financial and other scandals in the past year and the government has been forced into a number of embarrassing policy reverses.

"We have to rally together," Mr. Sinowatz said, "to draw the consequences from this scandal, caused by a few criminal businessmen, and ensure it cannot be repeated."

Any internal disputes would only compound the damage already caused to Austrian trade and its image abroad, he said.

The authorities have issued arrest warrants for 10 persons accused of adding the chemical diethylene-glycol to wine to make it sweeter. In some wines they have found lethal levels of the chemical, which can cause nerve, brain and kidney damage.

Mr. Haiden said that his ministry was preparing new rules for checking and labeling wine. "The Austrian wine law will be the strictest in the world," he said. There would be a ban on adding sweeteners of any kind.

A spokesman for the Austrian government's wine marketing body said it was drawing up a list of wines that had been cleared by inspectors of containing chemicals.

In Bonn, the Health Ministry said its danger list would be updated again next week. "Our urgent warning against drinking Austrian wines still applies," he said.

Four West German wines, all from the Rheinhessen region, were included on the new list of 350 following tests this week that showed they contained diethylene-glycol.

Baltic Emigrés Start Cruise To Protest Rule by Soviet

Reuters

STOCKHOLM — About 400 Baltic émigrés sailed Friday on a cruise off the coasts of Estonia, Latvia and Lithuania to protest Soviet rule.

The sailing was delayed by a bomb scare. Swedish police carried out a full-scale search of Baltic Star, the Panamanian-registered liner chartered for the cruise, after a Stockholm newspaper said it had received an anonymous letter threatening to blow the ship up.

The Soviet press has described the cruise, due to reach Helsinki on Sunday for a human rights demonstration, as a provocation aimed at disrupting the 10th anniversary of the Helsinki accords on European security and cooperation.

The ceremonies are to be attended by 35 foreign ministers in Helsinki next week.

The cruise organizers said they had asked the Swedish Navy to keep their ship under electronic surveillance to detect any attempt by the Soviet Navy to interfere. They said the liner would stay in international waters while off the Soviet coast.

Those on board included about 100 Americans of Baltic origin, 100 Swedes of Baltic origin, some members of Sweden's parliament, journalists and Vladimir K. Bukovsky, a Soviet dissident who left a Soviet labor camp for the West in 1976.

The organizers said they would throw wreaths into the sea in memory of Balts who, they said, had died trying to defect to the West.

But they said that, contrary to Soviet reports, they had did not plan to beam radio broadcasts or send messages in balloons or containers.

The Soviet Union annexed Estonia, Latvia and Lithuania in 1940.

Weinberger Says Reagan Remark Justified on Soviet

New York Times Service

WASHINGTON — Defense Secretary Caspar W. Weinberger said that President Ronald Reagan was justified in calling the Soviet Union an "evil empire," because that spotlighted "the coercive and tyrannical system of our Communist adversaries."

In an address Thursday before leaders of 30 nations attending a conference of the International Democrat Union, Mr. Weinberger referred to a remark made by President Reagan in a 1983 speech.

Mr. Reagan denounced Soviet communism as "the focus of evil in the modern world" in a March 1983 address to church leaders in Orlando, Florida, and urged them to beware of the temptation of ignoring "the aggressive impulses of an evil empire."

Mr. Weinberger told the conference that he deplored the practice of lumping the United States and the Soviet Union together as "superpowers," saying that implied a "moral symmetry."

Among those attending the conference were Prime Minister Margaret Thatcher of Britain and Vice President George Bush, who were among the founders of the organization of conservative politicans in 1983.

U.S. May Test New AIDS Drug

Reuters

WASHINGTON — An experimental drug used in France against AIDS, or acquired immune deficiency syndrome, may soon be available in the United States for treating victims of the disease, a U.S. health official said Friday.

C. McClain Haddow, chief of staff at the department of health and human services, said the French manufacturer of the drug, known as HPA 23, had filed an application to test it in the United States.

It was disclosed Tuesday that an American film star, Rock Hudson, has the disease that cripples a victim's immune system. Medical sources in Paris said Mr. Hudson had been treated with HPA 23 while hospitalized in France.

ARTS / LEISURE

1984-85 Auction Season Figures Show Sotheby's Widening Lead Over Christie's

International Herald Tribune

LONDON — The 1984-85 season, ending this month, has been brilliant for Sotheby's and reasonably good for Christie's. Sotheby's has substantially increased the distance separating it from its competitor.

With worldwide sales totaling £502 million ($642 million by the company's accounting), Sotheby says it has progressed 25 percent over the 1983-84 season. Christie's admits virtual stagnation, its worldwide sales moving up slightly from £334.1 million to £337.5 million.

SOUREN MELIKIAN

A detailed comparison of their financial performance is difficult because the two houses do not produce comparable figures. Sotheby's, which became a private company with A. Alfred Taubman's takeover in 1983, refuses to divulge regional figures, but it would seem to have scored more heavily against Christie's in the United States. Christie's, which does release a national breakdown, had sales totaling $204.3 million in the United States, down 2 percent from last season's $209 million. One source said Sotheby's U. S. market share in pictures of every category, from Old Masters to Victorian and Continental paintings (i.e., kitsch) and Contemporary paintings, reached 71 percent from January to June 1985.

Sotheby's lead in this field is important because pictures represent the heaviest contingent in the art market. Sotheby's had two worldwide figures available in this area: Impressionists, Contemporary paintings and photography totaled $181.7 million this season, up from $110.5 million; other paintings, including Old Masters, the Victorian schools and their contemporary counterparts, rose from $101.8 million to $116.8 million.

The trend might accelerate in Sotheby's favor. In the United States, the furor caused by Christie's admission that in 1981 David Bathurst, then its New York president, had lied in declaring that three paintings were sold when only one had found a buyer above the reserve, has harmed Christie's image. Sotheby's press release says little beyond pointing to its 25.3-percent increase in sales. One significant fact does emerge: Fifty-one persons will be laid off in the United States, bringing Sotheby's worldwide staff down to about 1,350. The explanation for the job cutting comes at the end: "It is quite clear . . . that the costs of doing business in New York and in London are dramatically different, as" — it adds, tantalizingly — "are the markets, and this implies different strategies."

In New York certain types of sales will no longer be held, such as Japanese works of art (for which read "objets d'art"; sales of prints will continue), musical instruments and "collectibles," which may mean anything from badges to corkscrews or items connected with the Beatles. Experts, Sotheby's reassuringly notes, will be retained in New York "to provide a full service for American clients." This means they will be there to pack off to London any items valuable enough to justify the effort.

Most significant, perhaps, is a defensive tone that creeps into the release. Michael Ainslie, Sotheby's top executive under Taubman, is quoted as saying that the management will "question some of the traditional focus on volume and expansion at any cost." His next statement, that this "is not a reaction to difficult times nor to a soft market," will be greeted with skepticism by professionals. Too many will remember Sotheby's late March sale of Impressionist and Modern Paintings, where 46 percent in value, in one session, failed to sell. In April there was a difficult moment in the Islamic week when more than 24 percent of the manuscripts and leaves failed to reach their reserves. In one Old Master Paintings sale, the bought-in rate was 27 percent.

Paul Hosefros/The New York Times

CAPITOL ART — Larry Keck, a conservator at the U. S. Capitol, restoring one of 24 medallion murals by Constantino Brumidi, an Italian immigrant who worked as an artist in the Capitol from 1855 until 1880 and also painted two larger murals. The Capitol collection is one of the most important in Washington, with 785 pieces of art, many of them depicting scenes from U. S. history.

Nor was Sotheby's alone in this uncomfortable position. A worse disaster was suffered by Christie's in New York in early June, when two-thirds of a one-man Old Master "collection" apparently formed as an investment failed to reach the reserve prices.

The two auction houses can no longer ignore the market reaction against speculation. This is apparently what is meant by Ainslie's remark that "the market proved more price sensitive and showed some resistance to quick resales."

Most extraordinary is the exclusive focus in Sotheby's release, dated "London, 25 July," on management changes in New York. Julian Thompson, chairman of Sotheby's International and of Sotheby's London, is neither mentioned nor quoted. Yet one would have expected his name to crop up in the paragraph that blandly refers to what is clearly Sotheby's first top-management upheaval since Taubman bought the company. James J. Lally is replaced as president of Sotheby's North America by John L. Marion, previously chairman of Sotheby's North America. Lally is the man who joined Thompson, a leading expert in Chinese art, in building up Sotheby's Chinese sales in Hong Kong. Lally will leave Sotheby's at the end of this year, a major loss to the company. Lally is one of the most highly regarded experts on early Chinese art operating in the auction world. His reputation is surpassed only by that of Thompson, who has been in the field longer. Thompson, who built up Sotheby's Chinese stronghold in Hong Kong, was running it jointly with Lally, who enjoys the same high standing within the Chinese collecting and dealing community as he does with American collectors.

No explanation is given for Lally's departure. Marion, as an auctioneer, probably outshines all his colleagues in the United States, but he lays no claim to expertise. Diana D. Brooks, a financial expert, is promoted to chief operating officer and will share part of his responsibilities. However brilliant they may be in their respective domains, Sotheby's North American management will inevitably be less attuned to the specific problems of the art market and, at least as important, to the psychological attitudes that prevail here.

Elements of uncertainty have thus been introduced into the American domains of the two leading auction houses. This may not show too much in the fall, since most negotiations concerning forthcoming sales would have been concluded by late July. The moment of truth will come next spring, when the U. S. economy will most likely go through its first significant cooling-down period since 1981-1982.

■ Phillips Reports Sales

The third-largest London auction house, Phillips, which also has a New York operation, said Thursday that it had record sales of £57 million in 1984-1985, an increase of 30 percent, The Associated Press reported from London.

■ Wilde Documents Sold

A New York book dealer, John Fleming, paid £19,800, almost three times Sotheby's top estimate, for the deed of separation between Oscar Wilde and his wife, Constance, The Associated Press reported from London. The document was signed by the writer on the evening before he was released from prison at Reading in 1897 after serving two years for homosexual practices.

Fleming also paid £2,750 pounds each for two love letters from Mrs. Wilde to Arthur Lee Humphreys, a writer and publisher who managed Hatchards bookshop in Piccadilly. In the same auction Monday a 387-page vellum notebook in which William Butler Yeats wrote drafts of his poems between 1930 and 1933 was bought by an Oxford book dealer for £275,000, almost twice Sotheby's top estimate.

On Tuesday at Sotheby's, six letters to King George IV from his estranged wife, Maria Fitzherbert, were sold for £13,200 to an anonymous private bidder. Another private collector paid £93,500 for a copy of King Charles II's Declaration of Breda, signed in the Netherlands before the monarchy was restored in 1660.

Christie's Asks Law Firm To Check Sales Practices

The Associated Press

NEW YORK — Christie's announced Wednesday that had retained a law firm to advise it in connection with an urgent internal review of its auction practices and procedures.

The review was undertaken after a Christie's executive, David Bathurst, resigned his key posts with the firm, admitting that he had lied when he said three paintings were sold at an auction in May 1981. Only one had been sold.

"In light of recent developments, we are taking a detailed look at all our business practices," Christopher Burge, president of Christie's New York, said in announcing that it had retained the firm of Simpson Thacher and Bartlett.

He said in an interview that the firm had been retained because it "brings an objective eye to this look at ourselves." Asked if the firm would be looking at the actions of any individuals, he said, "Absolutely not."

Burge said the review would cover "everything from the moment something is consigned to the moment it leaves our premises."

Bathurst's lie in 1981 was intended to minimize the damage a bad sale can have on the art market. Only one of eight paintings was sold because the rest failed to meet the reserve price agreed upon secretly in advance between the seller and auctioneer.

The auction houses make their money on both ends of a sale. Buyers are charged about 10 percent of the sales price. Sellers generally pay 10 to 15 percent of the sales figure, but that commission is negotiable and sometimes is dropped in the competition for a desirable work.

Even experienced bidders can leave a sale without knowing who bought what, or if anything was even sold.

The reason is the reserve. A piece that fails to fetch the reserve price is said to be "bought in," and is returned to the seller. Auctioneers usually do not announce when a work is bought in, but if word gets out the work is said to be "burned."

Angelo Aponte, New York's Commissioner of Consumer Affairs, will hold hearings this fall on the hidden reserve, which he has attacked as a deceptive trade practice. Auction house officials defend it as a way of protecting against organized bidding. Art dealers denounce it.

Clyde Newhouse, the third generation of his family to run the Newhouse Galleries in Manhattan, recalls an auction in May where 21 times the auctioneer dropped his hammer and proclaimed paintings sold: later a list was sent out telling what had actually changed hands: "Only seven were sold, but if you were at that auction, you would be under the impression that all were sold," Newhouse said.

Nor can the audience at an auction necessarily tell who is bidding. Many experienced bidders arrange secret signals with the auctioneer. Others bid by telephone.

A Manhattan art dealer, Robin Graham, fifth-generation owner of the Graham Gallery, said he had seen auctioneers call out phony bids when nobody was bidding.

John L. Marion, chairman of Sotheby's North America and one of the world's leading auctioneers, said he had sometimes done that to get an auction moving.

"The majority of people wait for the bidding to get on with it to decide whether they are going to get involved," Marion said. Announcing nonexistent bids "is all part of a very organized market place."

He also defended the hidden reserve. Without it, he said, there would be a danger of dealers joining forces to hold down prices.

Aponte said New York City was likely to consider a requirement that the reserve price be announced in advance and that auctioneers be required to announce whether a work has been sold or bought in.

He said his office had received numerous complaints about auction house practices, including reports that they sometimes secretly join in bidding on a work. "This whole practice that we are seeing now seems to reflect that the auction houses maintain artifically supported prices," he said. "They, in effect, can control the market any way they want."

New 'Tannhäuser' Opens Bayreuth Wagner Festival

The Associated Press

BAYREUTH, West Germany — This year's Wagner festival at Bayreuth opened with a new production of "Tannhäuser," featuring Richard Versalle in the title role and Cheryl Studer as Elisabeth.

The opera was directed by the Italian composer and conductor Giuseppe Sinopoli, with choreography by Ivan Marko of Hungary.

About 58,000 tickets have been sold for 30 performances of Wagner works during the festival, which opened Thursday. The other works to be staged, in addition to the "Ring" cycle, are "The Flying Dutchman," conducted by Woldemar Nelsson, and "Parsifal," under the direction of James Levine.

Organizers said they had received more than 250,000 requests for tickets this year, at prices ranging from 7 DM ($2.50) to 200 DM. Among audience members at the opening performance was the West German foreign minister, Hans-Dietrich Genscher, and the Viennese painter Ernst Fuchs.

Petit 'Blue Angel' Moves to the Met

United Press International

NEW YORK — Natalia Makarova has opened at the Metropolitan Opera in the full-evening Berlin Opera Ballet version of Heinrich Mann's novel "The Blue Angel." The production plays through Aug. 3 with Makarova dancing all performances.

The choreographer, Roland Petit, who dances the male lead, and his co-librettists, Marius Constant and Gert Reinholm, reverted to the novel's concept of the Makarova role as an ordinary, opportunistic young entertainer rather than the amoral, sadistic woman portrayed in the 1930 Josef von Sternberg film by Marlene Dietrich.

This is the first full-length ballet created specifically for Makarova, 44. The two basic sets by Josef Svoboda use a few chandeliers, gauzy hangings and bits of furniture to serve for many different scenes.

DOONESBURY

ARTS / LEISURE

Grand Design Shaping Up on Paris Museum Scene

By John Russell
New York Times Service

PARIS — Step by deliberate step, a grand design is under way in the museums — old, new and imminent — of Paris.

• The so-called "Grand Louvre" will involve the reinstallation of virtually everything in that gigantic institution.

• The Musée d'Orsay, slated to open in November 1986 in the renovated Gare d'Orsay, will constitute the national museum of 19th-century art.

• The Musée National d'Art Moderne in the Pompidou Center has been completely remodeled by the Italian architect and designer Gae Aulenti; its reinstallation will be completed this autumn.

• The Musée des Arts Décoratifs has reopened with many a new attraction, including one of the most amusing shops of its kind.

• On Sept. 23 the long-awaited Picasso Museum will open in the Hôtel Salé in the Marais.

Paris is a city of palaces, even if the uses to which they are now put are often less than palatial. The Hôtel Salé, even in its days of dilapidation, with squatters swarming everywhere and every imaginable indignity applied to its noble structure, was clearly very grand indeed. Now that it has been rehabilitated, its exterior and its stupendous staircase must look as well as at any time since they were built in 1656 for an elderly nouveau riche. The Hôtel Salé has been a depository for rare books sequestered at the time of the French Revolution, a school (Balzac was partly educated there), the Venetian Embassy and the official residence of the Archbishop of Paris.

"Don't we know Picasso?" some people ask. "Who needs another museum?" This point of view is especially prevalent in the United States, where museums got on to Picasso long before their counterparts in France. Jean Cassou, trying to form the Musée National d'Art Moderne in 1945, had one painting by Picasso, filed under "Foreign Schools, Spanish," and not much esteemed. When Picasso gave the new museum 10 of his paintings in 1947 it was clear from the stature of the gifts that he did not want to be represented in a potentially great museum by minor works.

It should be emphasized that the collections of the Picasso Museum, based on a stringent choice from the artist's estate, are very large and almost wholly unknown to the general public. When shown briefly and incompletely in Paris in the winter of 1979-80, they numbered 228 paintings, 149 sculptures, 1,495 drawings, 1,622 prints, 85 ceramics and voluminous documentation, not to mention Picasso's personal collection of so-called primitive art and of work by Cézanne, Degas, Matisse, Henri Rousseau, Derain, Balthus and others.

It is in the artist's work from the year 1901 that the Picasso Museum will come into its own. (The earlier work is concentrated in the Picasso Museum in Barcelona.) From that year until the day of his death there is hardly an episode in his long career that cannot be restudied on the basis of what will be in the Picasso Museum, especially in sculpture. And, although the graphic work in general is easier to come by, the Picasso Museum will nevertheless be a unique storehouse of rare states, variants, trial proofs and so forth.

How to preserve, order, marshal, elucidate and install this wealth of material is a daunting museological task. Dominique Bozo, director of the Picasso Museum and the Musée National d'Art Moderne, is in charge of the operation. His first concern is to make the house work with the art, and vice versa. By way of intermediary between the two, he asked Diego Giacometti, brother of the sculptor, painter and draftsman Alberto Giacometti, to design all the furnishings for the new museum, including the railings that will bump spectators somewhere above the ankle if they get too near the paintings. Diego Giacometti, who died July 15, had a rare gift for the design of furniture that is both plain and monumental, gaunt and considerate, and a first sight of the results of Bozo's commission would indicate that he had exactly the right idea.

The building itself is inundated on all sides by natural light, and the display of the permanent collection has been planned to make the most of it.

Meanwhile, as if the Picasso Museum were not enough, Bozo is completing a radical reinstallation of the Musée National d'Art Moderne in the Pompidou Center. What was involved was a reversal of the original aesthetic of the museum, which had to do with a free, open, impermanent space that could be remodeled at will and had no fixed boundaries. This led in practice to a chaotic and improvisational atmosphere, with elements of hide and seek that were not conducive to the tranquil study of great works of art. Aulenti was called in to make spaces that would have an ordered lucidity, in particular with higher walls than those envisaged by the original design.

The first phase of the transformation represents an immense improvement. Not only is the great art of the first quarter of this century represented in a way that would have seemed inconceivable in Paris even 10 years ago, but intimate alleyways have been devised to allow for a change of pace and scale, in which drawings, letters, books, photographs and other memorabilia can be studied. Good use is made of the strong points of the existing architecture.

The representation of Matisse, Braque and Leger in the new installation is particularly strong, and benefits by a noble sense of order, rhythm and scale. The Matisse portrait of the collector Auguste Pellerin is a particularly moving souvenir of the heroic period of modern art.

At the Louvre, work has only just begun on the grand plan, but the section of the palace that houses the Musée des Arts Décoratifs reopened early this summer after three years of renovation and refurbishing, mostly to give more space to a collection of 20th-century objects that had been in storage.

An element of private affection has always animated the activities of this museum. It has been built up largely from gifts and bequests. It buys, when it can, but fundamentally it is a record of Parisian taste as it has expressed itself in the decorative arts, and of Parisian generosity. There are examples of wonderful pieces of furniture dating from the Middle Ages to almost yesterday. There is almost nothing in the Musée des Arts Decoratifs that someone has not loved.

Anyone who doubts this has only to look at the bedroom, boudoir and bathroom from the town house of the designer Jeanne Lanvin, which have lately been reconstructed in the Musee des Arts Decoratifs.

In 1920, Lanvin asked Armand-Albert Rateau to decorate her house at 16 Rue Barbet-de-Jouy, near Invalides. Rateau did not share the general tendencies of the day. He preferred to incorporate elements from antiquity and the Far East, botany and birdlife in an imaginative world unmistakably his own.

He and Lanvin had a shared sense of fancy and extravagance. If he felt like mating pheasants with daisies, he went ahead and did it, and she clapped her hands. This motif turns up over and over in the museum's suite of rooms: on the dressing table, in the faucets, on the curtains, around the doors.

For the dressing table, pheasant and daisy share the honors with butterfly and lotus flower. The table is of black and white marble: all else is of bronze patinated green. Rateau and Lanvin had in common a feeling for delicate color and finesse of detail, and in the bathroom he surpassed himself on both counts. Working with stucco, Hauteville marble, yellow Siena marble and his favorite patinated bronze, he invented tonalities of tan, pale sand and ochre, allied here and there with basalt black, that send shivers down the spine.

The period rooms in this museum also include male preserves, such as the office of an airplane manufacturer, designed in 1917-19 by Andre Frechet and made in the very image of the dynamic entrepreneur as he was imagined during World War I. All in dark woods with a dark green lamp on the desk, a honey yellow lamp on the ceiling and matching model airplanes all set to fly round the room, it has a specific and inconspicuous refinement that Lanvin would have appreciated.

Guy Fihman, Claudine Eizykman behind holographic gulls.

An Experimental Holographic Film Can Be Seen by One Viewer at a Time

By Mark Hunter

PARIS — As far as plot goes, "Un Nu" (A Nude) the new film by Guy Fihman and Claudine Eizykman, isn't much. A mummy standing in the center of a room bathed in green light peels away its wrappings to reveal a woman, who dances around as confetti flies.

What gives this little scene its eerie magic is that it takes place in three dimensions. It's as though the viewer were standing in the chamber instead of watching a screen.

"Un Nu" is the first cine-hologram on 126mm (about five-inch) film, and one of perhaps ten cine-holograms in the world, Fihman and Eizykman say. Fihman defines the new art this way: "Cinema is a series of photographs, and cine-holography is a series of holograms."

Holography, a kind of three-dimensional photography, was invented in England in 1948 by the Hungarian-born physicist Dennis Gabor, who won the 1971 Nobel Prize in physics after the technique had been made commercially practical with the development of lasers in the 1960s. It is used extensively in industry to test the design of certain objects, and by visual artists. Holograms are made by a process in which a laser beam is split in two; part of the beam (called a "reference") shines on a photo-sensitive plate, or film, while the other illuminates the object to be holographed. Light reflected from this object clashes on the photo-sensitive plate with the reference beam, creating an "interference" pattern that, when developed and illuminated, provides a three-dimensional image.

The first cine-holographic short film was presented by Soviet researchers at the Moscow film institute NIFKI in 1976. Prospects for the field are dimly regarded by most experts. Holding up an English text on holography published in 1980, Eizykman said with an ironic smile: "In this book, as in all books on the field, the author says there'll never be a holographic cinema, because the problems are too many."

When Eizykman, 40, and Fihman, 41, began collaborating on holograms in 1979 at the University of Paris, where both are professors of cinema, "We wanted something that gave us three qualities of perception: movement, color and relief [or depth]," said Fihman. "Cinema and video have moment and color — which were considered revolutionary when they were introduced — but no relief. We consider relief at least as important."

"We knew the steps in the invention of the cinema, since the 19th century, in great detail," said Fihman. "We thought, we'll redo this history for cine-holography, like a child going through its development into an adult."

One of their first inspirations was the French photographer Etienne-Jules Marey, who on April 22, 1882, invented the "camera-gun," an apparatus with a rotating magazine of film attached to a rifle barrel, with which he later photographed a sequence of stills of gulls in flight. Marey's "chrono-photography" is recognized as an important predecessor of cinema. A century to the day after Marey's invention, Fihman and Eizykman showed an animated cine-hologram, "Hommage to Marey," composed of 20 holograms of sculptures of gulls in flight.

Over the next two years, the partners — they share an apartment filled with film cans, books and a collection of stereoscopes, 19th-century devices for superimposing one pictorial image over another to create images in relief — began holographing on film. Like their cinematic ancestors, they became inventors by necessity.

For example, said Eizykman, "There is no catalog that offers a laser for cine-holography. If you want one, you have to specify the features to the manufacturer."

Fihman said they developed "the first continuous-transport film camera," in which the film movement is more regular than in a normal film camera, as well as special emulsions for their film. With this equipment they made four cine-holograms in 35mm and 70mm formats, shown at the College of France in Paris in November. But a problem remained: the "window" through which the pieces were seen was so small that only one eye could be used for viewing at a time. And, as Fihman said, the point was to pass "from one-eye vision — like the perspective of the Italian Renaissance painters — to two."

In June 1984, armed with a 500,000-franc (about $58,000) grant from the national Fond d'Intervention Culturelle, Fihman and Eizykman began work on their 126mm holographic film. This wider film is a first step toward making cine-holograms that can be watched by more than one person at a time.

This time they had technical assistance from the French company Aerospatiale, which in March sent a team of engineers with the artists to GK Lasers in Rugby, England. After a day of testing lasers, Fihman and Eizykman shot two three-minute films in three days. The results, shown in Paris last month at CESTA, the Centre d'Etudes de Systèmes et des Technologies Avancées, are already being regarded by the French as historic, suggested Fihman: "At the Bibliothèque Nationale they say, 'This is the *first* — be careful with it!'"

Eizykman said, "If we get the means, in five years we can do a whole system: colors, and a large format for 25 persons. That's enough to make great films."

Added Fihman, "That's enough to make money."

Mark Hunter is a Paris-based journalist.

Monet's Blue Period Caused by Eye Problems, Doctor Says

By Larry Doyle
United Press International

CHICAGO — The preponderance of blues in Claude Monet's late paintings was probably a result of his failing eyesight and cataract surgery, according to an Ohio ophthalmologist whose undergraduate degree was in art history.

Dr. James Ravin of Toledo has spent five years studying how Monet's failing vision and other difficulties with his eyesight affected his later work. He has consulted Monet's letters to his eye surgeon, talked with art historians and examined a pair of Monet's glasses. In article in the Journal of the American Medical Association, Ravin discusses this influence on the acknowledged leader of the Impressionist movement, who died in 1926 at age 86.

"The cataracts that blinded Monet were an important influence on the way he saw the world and the way he painted it."

Monet's visual difficulties first became apparent when he was in his 60s, when his loose Impressionist style began to blur even further, Ravin said. By 1918, Monet had written a note to a Paris eye doctor to complain of the change.

"I no longer perceived colors with the same intensity," he wrote. "I no longer painted light with the same accuracy. Reds appeared muddy to me, pinks insipid, and the intermediate and lower tones escaped me."

Soon Monet was having to label his tubes of paint in order to distinguish the colors. By 1922, blues had virtually disappeared from his paintings, replaced mainly by reds and yellows. That year he was pronounced blind, and underwent cataract surgery.

Ravin said in a telephone interview that, had Monet been operated on today, "he could have been out and painting in two weeks." As surgical techniques stood then, however, a long convalescence was necessary.

Monet noticed a dramatic change after the operation. The cataracts had formed a yellow-brown filter on his right eye. Now "Monet was able to see colors he had not seen for years, particularly violet and blue tones," Ravin writes.

Just as sunlight seems overbright to a person who has been in darkness for a long time, Ravin said, the "new" colors appeared brighter to Monet than they were.

"I see blue," Monet told his physician in 1924, a year and a half after the cataracts were removed from his right eye. "I no longer see red or yellow. This annoys me terribly, because I know these colors exist.

"It's filthy. It's disgusting. I see nothing but blue."

Monet was not pleased with the blue paintings he created during this period, and wanted to destroy them, Ravin said. He said Monet eventually overcame the color difficulties by using glasses with tinted lenses, and lived to finish his water-lily murals for the Orangerie in Paris.

The blurred paintings Monet created as his eyesight deteriorated were not highly thought of at the time, Ravin said, but are now seen as a link to abstract art.

He conceded that his interpretation of Monet's late work might not sit too well with professional art historians, and indeed, Richard Brettell, curator of European Paintings and Sculptures for the Art Institute in Chicago, said of Ravin's theory: "No one historically has dealt with this very much. I think art historians would have a tendency to resist this type of explanation."

Brettell said art historians had "a tendency to believe that every aspect in a work of art is an act of will."

He disputed the notion that Monet painted blue because that was the only color he saw.

"Monet was very interested in the symbolic meaning of color," Brettell said. "He was interested in the mood of color, the meaning of color. He knew he had perceptual problems, and if he'd wanted to correct for them he could have."

Brettell noted that in the last 100 years "there's been a huge separate bibliography springing up by scientists and doctors on artists." He said most art historians disliked scientific explanations, perceiving them as oversimplification of the aspects of artistic creation.

"But perhaps we've too hasty in our suspicions," Brettell added, "and perhaps we could benefit from listening to other sides on this."

Indian Burial Ground Saved

The Associated Press

ELIZABETH, Pennsylvania — An Indian burial ground discovered July 4 in the building of a state park boat dock will be preserved and the dock moved elsewhere, state officials say.

'Man With One Red Shoe' Loses a Lot in Translation

By Janet Maslin
New York Times Service

NEW YORK — "The Man With One Red Shoe" was produced by Victor Drai, who appears to be making a career out of demonstrating how poorly French farce can travel. Like Drai's "The Woman in Red," based more successfully on a light Gallic comedy, "The Man With One Red Shoe" loses a lot in translation. As "The Tall Blond Man With One Black Shoe" it was a slender but amusing comedy. Now it's mostly just slight.

MOVIE MARQUEE

A musician, played in blank rather than deadpan style by Tom Hanks, is unwittingly singled out as a spy because one faction of the CIA is trying to outsmart another. The CIA men say things like "Haven't felt this good since I overthrew the government of Chile."

What was once an airy comedy of errors has been staged in a more literal sitcom style that makes the story's silly turns of circumstance look absurd. As directed by Stan Dragoti, who had better material with "Love at First Bite" and "Mr. Mom," it has a punchy, angular visual style that emphasizes the flatness of the conversation.

Though there are some good comic actors in the cast, the film gives them little to do. Charles Durning has a potentially funny role as a CIA chief who talks directly into the bugged statuary in his living room; Dabney Coleman, as his rival, does his nasty best with an equally limited role. Ed Herrmann and Gerrit Graham have some amusing moments as the respective henchmen of these two, as does Jim Belushi as Hanks's best friend.

The actresses are particularly miscast, with Lori Singer as a stony blond femme fatale and Carrie Fisher cavorting in jungle-print underwear as Belushi's faithless wife.

[Sheila Benson of the Los Angeles Times writes, however, that the cast is "a very deft ensemble," that "the discovery of the picture is the light-comedy charm of the sinuous Singer" and that, overall: "One Red Shoe" has trying moments but the rest of it whirls by as summer comedy ought to, and rarely does."]

□

Capsule reviews of other films recently released in the United States:

Walter Goodman of The New York Times on Walt Disney's "The Black Cauldron":

The cauldron of the title contains the spirits of dead warriors, and the movie tells of the exertions of a boy named Taran to keep the cauldron from the evil Horned King, lest he bring those warriors to life and conquer the world. Based on Lloyd Alexander's "Chronicles of Prydain" books, this is the 25th full-length animated feature from Disney, and many of the ingredients may seem programmed. The appallingly cute animals include a furry, greedy creature named Gurgi and an amiable pig named Hen Wen, prized for its psychic powers. The spooky precincts of the villains are, as usual, the most fun; villainy seems to inspire the animators. Taran does everything expected of a Disney hero. "Oh," the princess tells him, only too accurately, "you're so, so, so boring." But she isn't exactly a ball of fire herself.

□

Paul Attanasio of The Washington Post on "The Legend of Billie Jean":

Until the end, when it begins to sour, "The Legend of Billie Jean" is so trashily manipulative and utterly preposterous that it's a thoroughly enjoyable hoot. When Binx Davy (Christian Slater) has his motor scooter trashed by the town bully, his sister, Billie Jean (Helen Slater, no relation) goes to the bully's dad, Pyatt (Richard Bradford), with an estimate for repairs totaling $608. After an accidental shooting, Binx, Billie Jean and their chums are on the lam. Much impressed by "Joan of Arc" on the late show, Billie Jean cuts off her hair and is soon appearing on the news demanding the $608 and braying "Fair is fair!" Billie Jean T-shirts and the Billie Jean haircut become just the things to wear to the shopping mall. Directed by Matthew Robbins, it's partly intended as a satire of the American celebrity machine but it's mostly supposed to be taken straight.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
PhilPts	26416	13¼	13	13¼	+ ¼
Unocal	15400	31½	30⅝	31	+ ¾
MerLyn	14437	34⅜	32⅞	34⅜	+1⅜
IBM	11202	132½	130⅝	132	+1¾
FinCpA	14169	7⅝	6⅞	7¼	+ ⅛
AHosp	10488	45⅛	44¼	44¾	[illegible]
AT&T	10322	22⅛	21¾	21⅞	+ ⅛
GMot	10137	71	68⅝	70¾	+2
MidSUt	9953	14½	14⅛	14¼	— ⅜
BaxtTr	9421	15⅛	14¼	14¾	— ¼
U-Enro	9244	31½	30½	31⅛	+ ⅛
WarnrL	9116	40⅛	39¼	39⅝	+ ⅛
OcciPet	9080	34½	32⅝	34½	+2
TexOGs	8833	17¼	17	17⅛	+ ¼
SouthCo	8695	21⅛	20⅞	21¼	+ ⅛

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	79.27	—0.05
Utilities	76.43	—0.22
Industrials	82.11	+0.11

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	1352.26	1365.59	1345.21	1357.08	+ 3.47
Trans	684.69	691.95	681.18	688.20	+ 2.92
Util	158.19	158.96	156.44	157.42	— 1.07
Comp	556.57	561.76	553.20	558.10	+ 0.93

NYSE Diaries

	Close	Prev.
Advanced	760	708
Declined	804	900
Unchanged	441	427
Total Issues	2005	2035
New Highs	60	66
New Lows	4	4
Volume up	52,495,420	
Volume down	40,132,820	

NYSE Index

	High	Low	Close	Ch'ge
Composite	111.48	110.99	111.35	+0.11
Industrials	127.95	127.56	127.95	+0.27
Transp.	111.85	111.40	111.85	+0.32
Utilities	57.41	57.27	57.32	—0.27
Finance	116.77	116.44	116.77	+0.04

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
July 25	181,739	438,738	8,360
July 24	200,143	511,262	1,430
July 23	221,062	544,741	947
July 22	191,635	478,492	1,240
July 19	240,296	489,398	1,291

*Included in the sales figures

Friday's NYSE Closing

Vol. at 4 P.M.	106,950,000
Prev. 4 P.M. vol.	123,290,000
Prev consolidated close	145,227,770

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

AMEX Diaries

	Close	Prev.
Advanced	258	301
Declined	282	242
Unchanged	246	252
Total Issues	786	795
New Highs	13	24
New Lows	8	8
Volume up	3,152,210	
Volume down	1,977,290	

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	214.90	213.56	214.47	+0.50
Transp.	179.41	177.89	179.02	+0.98
Utilities	83.93	83.28	83.61	—0.32
Finance	22.53	22.33	22.47	+0.05
Composite	192.78	191.58	192.40	+0.34

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	304.62	+ 0.18	307.26	229.33
Industrials	314.64	+ 0.51	313.76	255.62
Finance	384.45	— 0.49	398.12	255.85
Insurance	354.97	+ 0.26	367.80	232.87
Utilities	295.35	— 0.51	300.24	195.34
Banks	296.29	— 0.83	302.83	195.91
Transp.	276.03	+ 0.43	275.17	200.49

AMEX Sales

4 P.M. volume	7,420,000
Prev. 4 P.M. volume	8,600,000
Prev. cons. volume	8,600,000

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
DomeP	4364	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4074	[illegible]	[illegible]	[illegible]	[illegible]
TIE	3277	[illegible]	6	[illegible]	[illegible]
WangB	3108	[illegible]	[illegible]	[illegible]	[illegible]
CAT In	2579	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	2520	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	2168	[illegible]	[illegible]	[illegible]	[illegible]
Dynict	1886	[illegible]	[illegible]	[illegible]	[illegible]
DataPd	1650	[illegible]	[illegible]	[illegible]	[illegible]
TexAir	1618	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1445	[illegible]	[illegible]	[illegible]	[illegible]
Astrotc	1364	[illegible]	[illegible]	[illegible]	[illegible]
KeyPh	1281	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1054	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	944	[illegible]	[illegible]	[illegible]	[illegible]

AMEX Stock Index

High	Low	Close	Ch'ge
235.58	234.71	235.57	[illegible]

Dow Stocks Gain, Others Mixed

United Press International

NEW YORK — Blue-chip stocks ended higher Friday on the New York Stock Exchange, but the broader market finished mixed for the second consecutive day.

Traders said a buy program executed by one Wall Street brokerage house pushed the Dow Jones industrial average up more than six points late in the afternoon. But the rally was short-lived.

The Dow Jones finished with a gain of 3.47 to 1,357.08. For the week, it rose 2.46.

Declines outnumbered advances by an 8-7 ratio. Volume totaled 106.95 million, down from 123.29 million Thursday.

Technology and oil issues and other stocks that would benefit from an economic pickup continued to attract some buying interest. But otherwise the market was "lethargic," said Trude Latimer of Evans & Co.

"The market is a little bit concerned about the potential for rising interest rates," said Harry Laubscher of Paine Webber. The Federal Reserve is not expected to push interest rates lower soon and some analysts believe that when the Treasury sells what is expected to be more than $20 billion of new notes and bonds in its next refinancing operation, rates could go higher.

Mr. Laubscher characterized the market as "skittish" and "worried."

Phillips Petroleum was the most active issue, up ¼ to 13¼. Unocal followed, up ¾ to 31.

Other oil stocks also rose on hope that Congress might pass an oil-import fee as part of its current budget negotiations. Atlantic Richfield was up ⅛ to 60⅝, Chevron ⅝ to 38⅝, Occidental Petroleum 1¾ to 34¼, and Texas Oil and Gas was ¼ to 17⅛. Dominion Resources was off ¾ to 29⅞.

Merrill Lynch was the third most active issue, up 1⅜ to 34⅜.

Utility issues continued weaker. Middle South Utilities was off ⅜ to 14⅛, and Pacific Gas & Electric was off ⅛ to 18½.

Warner-Lambert was off ⅛ to 39⅝ after plunging 4¼ Thursday when a First Boston analyst advised selling the issue. In other drug issues, Baxter Travenol lost ¼ to 14⅞, Upjohn fell 1½ to 113⅛ and Merck declined 1½ to 112¾.

A.H. Robins fell 2¾ for its third consecutive big decline after it took a $15-million charge against second-quarter profits.

Technology stocks firmed. IBM advanced 1¾ to 132. Digital Equipment added ⅜ to 104⅜, Cray Research climbed 2⅞ to 97⅞. Data General lost 1⅛ to 41⅞ after advancing 3⅝ Thursday when it reported higher earnings.

Telephone issues were mixed. AT&T increased ⅛ to 21⅞, but Nynex, U.S. West and Pacific Telesis softened.

Food stocks, which did well early in the year as the focus of takeover speculation, were mixed. Quaker Oats added ⅜ to 48⅝. Heinz rose ¾ to 54. Ralston Purina (ex-dividend) was down ⅝ to 42. Campbell Soup was up ¼ to 74⅞. Pillsbury (ex-dividend) lost 1¼ to 50¼. General Foods fell 1⅛ to 77⅝.

In other blue-chip stocks, General Motors advanced 2 to 70¾, U.S. Steel added ⅜ to 29½ and American Express fell ½ to 43¾, all in active trading.

Cummins Engine was the session's biggest loser, down 3¾ to 65½. Union Carbide edged up ⅛ to 51. Reichhold Chemical lost 2 to 39⅜ and Caterpillar Tractor was ahead ⅜ to 38⅛.

(Continued on Page 16)

International Herald Tribune
Published With The New York Times and The Washington Post

WEST AFRICA

A SPECIAL REPORT

Rising Debt Load Is Forcing New Economic Solutions

ABIDJAN — Since 1983, the 16 nations of the Economic Community of West African States (ECOWAS), like much of the rest of the continent, have been forced by rising debt and restricted access to foreign capital to seek debt rescheduling and to conduct a serious rethinking of their development strategies.

At the end of 1983, the ECOWAS countries owed at least $25 billion to Western creditors. Nigeria, by far the most populous of the ECOWAS members, accounted for an estimated 20 percent of all debt in sub-Saharan Africa. Economists point out that the debt of the entire region is small compared with that of major Third World debtor nations such as Mexico or Brazil, but is no less important when seen in the context of the African debtors' weak and narrowly based economies.

An official of the multinational African Development Bank (ADB) said: "We have been victims of someone else's debt crisis. At the beginning of the decade, African economies benefited from rapidly expanded commercial credit, but with the emergence of the Latin American debt crisis in 1983, African economies were abruptly cut off."

In fact, of the ECOWAS countries, only Nigeria and Ivory Coast owed large proportions of their total external debt to private banks. However, these two countries are very much the economic "motors" of the region, with 60 percent of the population and 80 percent of the gross domestic product. Their commercial-debt problems may well have precluded the access of other ECOWAS states to commercial capital.

The debt crisis afflicting the ECOWAS states must be seen as part of the continentwide development crisis; it is both a symptom and a contributing factor of the region's negative growth rates.

Adebayo Adedeji, executive secretary of the United Nations Economic Commission for Africa, described 1984 as "Africa's worst year economically since the Great Depression," citing the "extremely unfavorable global economic environment and dramatic increases in Africa's external debt, interest rates and debt-servicing costs."

The commission has predicted a 2.5-percent decline in GDP for the ECOWAS region this year.

The factors leading to the sharp decline in West Africa's economic fortunes have been well catalogued: an ecological deterioration, including increasing desertification, drought and falling food production; rapid and unmanaged urbanization due to the above factors, plus the uneconomic remuneration of peasant farmers; a deterioration of terms of exchange, which has sharply reduced the purchasing power of the region's agricultural and mineral exports; rising debt-servicing burdens, greatly aggravated by the rise of the U.S. dollar and skyrocketing interest rates; ill-conceived and poorly managed capital investments, many of which involved multilateral or bilateral aid participation; and uncontrolled population growth.

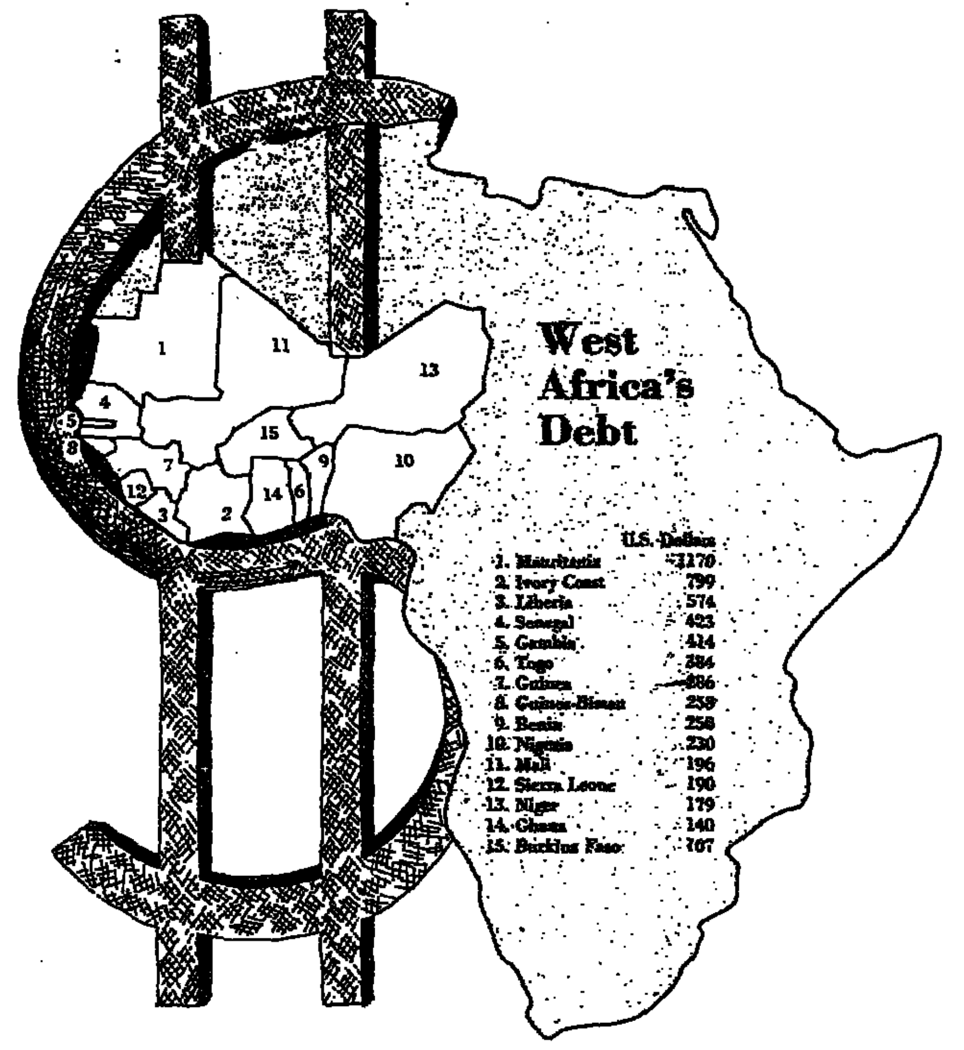
Many of the region's governments have responded to the crisis by appealing for increased understanding and support from the West. Most have engaged in negotiations with the World Bank and International Monetary Fund, the sine qua non of renewed lending. In addition, concentration among African nations in bodies such as the Organization of African Unity, the ADB and ECOWAS has led to a number of policy approaches whose direction differs little, whether or not a country's economy is under the "tutelage" of the IMF, as most ECOWAS states are.

The common theme throughout the region has been austerity. Governments have been obliged to cut back their spending, slow down or freeze new hiring, block salaries and reduce subsidies on consumer goods.

In Nigeria, whose military government has decided to "go it alone" without IMF loans, austerity has meant an acute reduction in government investments, with only those projects judged most likely to earn foreign exchange being approved for financing. Nigeria has also restricted delivery of foreign-exchange permits, thus forcing a reduction of imports. This affects traders and industries alike and encourages unemployable urban dwellers to return to the land.

Ivory Coast, which has been described as one of the IMF's better "pupils," has introduced a gamut of austerity measures as wide as any of the region. The Ivorian debt-service burden has increased fifteenfold during the past 10 years, largely as a result of heavy commercial borrowing in the 1970s and this decade's rise in interest rates

(Continued on Page 14)



Note: Does not include Cape Verde Islands. Total debt includes short and long term debt per capita for 1983, and IMF loans at end 1984. Debt per capita is total divided by 1982 population.
Source: IMF, World Bank, Bank for International Settlements, South magazine.

Isabel Curl-Moutier/IHT

Summit Compromises On Nigerian Expulsions

By Howard French

LOME — The summit marking the 10th anniversary of the creation of the Economic Community of West African States ended on July 6 with a series of compromises aimed at encouraging member states to strengthen their commitment to the organization.

In preparatory meetings, ministerial delegations from the 16 ECOWAS members were unable to reach an agreement over the most politically sensitive issue facing the community: the free movement of goods and peoples throughout the region.

Over the past two years, Nigeria, the state most intimately involved in the creation of ECOWAS, had, in the words of a delegate from Benin, "violated the spirit of the free-movement protocol with impunity" by repeatedly expelling large numbers of "illegal aliens."

The protocol on the movement of people and goods provided for the free circulation of citizens from ECOWAS countries throughout the 16-nation community and the waivering of visa requirements for the first 90 days of presence in a given country.

With the economies of Ghana, Niger, Benin and Togo seriously affected by Nigeria's expulsions, and its continued border closure, a broad coalition of ECOWAS members decided to challenge the Lagos government over the issue.

The debate over the free-movement protocol coincided with the scheduled implementation of its second phase, which provides for the unrestricted residence for ECOWAS citizens throughout the region. In ministerial sessions, debate froze on the second phase. Supported only by Liberia, Nigeria argued that the first phase of the protocol had not yet been implemented and that, therefore, it would be premature to move on to the second phase. The other members realized that any new protocols that might be subsequently ignored would ultimately damage the community's credibility.

With the heads of states gathered in Lome, a compromise solution was worked out whereby the implementation of the second phase would be put off until 1986, when its application would become mandatory. Nigeria's head of state, Major General Muhammadu Buhari, who was elected president of the organization for the coming year, promised that Nigeria would cease to consider victims of the region's natural disasters, that is, drought and famine, as illegal aliens.

The heads of state also decided to set a timetable for payment of arrears owed by members to the community. ECOWAS officials said that some states had not paid their budget contributions in five years and that only two states had paid regularly since the creation of ECOWAS.

Finally, ECOWAS mandated Momodu Munu, its executive secretary, to maintain contact with the heads of state to ensure the application of community decisions.

Age and Succession: A Critical Issue

By Mark Doyle

LONDON — Old age is a crucial political issue in West Africa, as crucial as it has been in the Soviet Union and might become in the United States.

In two countries, Sierra Leone and Ivory Coast, the question of age and succession has reached a critical phase. In both countries, the president is due to reach 80 years (officially) this fall, and in neither has a clear successor emerged.

Uncertainty has led to a sort of political limbo, where every presidential heartbeat is measured and every hint of retirement or favorites for the top position is eagerly analyzed by candidates and observers alike. Meanwhile, long-term economic planning in an already strained financial climate is impossible.

Siaka Stevens has ruled Sierra Leone, a former British colony, for 17 years. In 1978, he introduced a one-party constitution on the grounds that a multiparty system caused acrimony and division. However, the now-ruling All People's Congress (APC) has itself caused tension by its top-heavy, unconsultative tendencies and its policy of selection-before-election of all parliamentary candidates.

At the top of the state-party structure, Mr. Stevens

(Continued on Next Page)

Are Africa's 'False Starts' In Development Continuing?

By Brigid Phillips

FONTENAY-SOUS-BOIS, France — Two decades ago, Prof. René Dumont, a self-described humanist-socialist, gave such a grim view of developing Africa that he was declared "persona non grata" across the continent. Now, African leaders summon him to conduct in-depth analyses of their economies. But Prof. Dumont's predictions for developing Africa are just as gloomy today as they were 20 years ago.

Prof. Dumont, who taught at the Institut National Agronomique in Paris for nearly 40 years, alerted the world to the errors Africa was making in its shaky course to development in his 1962 book, "False Start for Africa." He criticized agricultural policies that ruined the land, economic blueprints that focused on prestigious industries rather than farming and social programs aimed at reproducing Paris and New York in remote African capitals.

Prof. Dumont peppered his critique with horror stories: peanut crops that destroyed the soil in Senegal, mushrooming bureaucracies that accounted for 78 percent of the budget in Brazzaville, banning of small cars in the dust-and-huts town of Ouagadougou because they were not elegant enough for the streets of a capital city.

The professor, an agronomist who has evolved into a sociologist, said many of Africa's modern leaders now see the folly of the post-independence planning. But the follies still exist.

For his most recent study, Prof. Dumont was invited by President Thomas Sankara to examine the progress of Burkina Faso (formerly Upper Volta) under the Marxist regime that has been in power since 1983. Prof. Dumont's assessment is clear in the title of the report he submitted — "Not the Road to Development but the Road to Destruction."

It is a case study of much of what is wrong with West Africa. Prof. Dumont highlighted the historical problems that hamper progress. Traditionally, he argues, the price of grain in Africa has been too low to encourage farmers to produce a surplus that would buffer them in lean years. They are encouraged to produce cash crops that bring in export revenues but do little to help a country in famine. And farmers' earnings are never high enough to allow investment in soil improvement, reforestation or any of the other practices that would improve agriculture.

But the situation is unlikely to change, said Prof. Dumont, because "the people who benefit from this situation are the city people that benefit from cheap food and foreign currency under the existing

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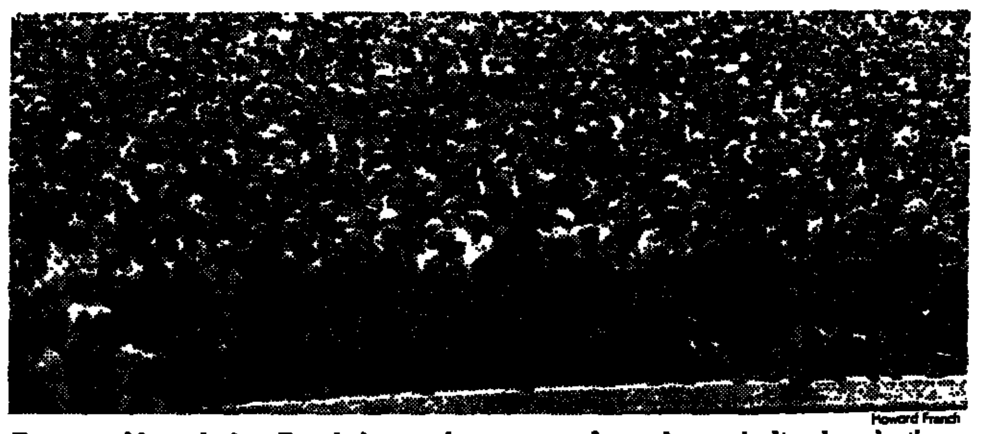

Howard French

Demographic explosion: Population continues to grow faster than agricultural production.

A Continent Loses Ability To Feed Growing Population

The following article has been excerpted from "Reversing Africa's Decline," a Worldwatch Paper by Lester R. Brown and Edward C. Wolf. The report, published in June by the Worldwatch Institute, an independent research organization, was presented to the World Commission on Environment and Development June 24-27 in Oslo.

WASHINGTON — Africa, although essentially agrarian, is losing the ability to feed itself. In 1984, 140 million of its 531 million people were fed entirely with grain from abroad and this will almost certainly increase in 1985.

A mid-February assessment of Africa's food situation by the United Nations reported that about 10 million people had left their villages in search of food, many of them crowded into hastily erected relief camps. In late April, the UN Economic Commission for Africa reported that starvation deaths had passed the one million mark.

In Africa, as elsewhere in the Third World, cereals supply two-thirds to four-fifths of caloric intake, making per capita grain production a basic indicator of both economic productivity and individual welfare. During the two decades following World War II, grain production per person in Africa either remained steady or increased slightly, peaking in 1967 at 180 kilograms (396 pounds). This level, roughly one pound of grain per day, is widely viewed as the subsistence threshold, below which malnutrition begins to erode human development and labor productivity.

Since 1967, per capita grain production has been declining. In 1983 and 1984, years in which low rainfall depressed the harvest, per capi-

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Desertification Trends In Selected African Countries, 1977-1984

Country	Sand Dune Encroachment	Deterioration in Rangelands	Forest Depletion	Deterioration of Irrigation Systems	Rainfed Agriculture Problems
Burkina Faso[1]	0	+	+	+	++
Cameroon	0	+	+	0	+
Guinea	0	0	+	+	++
Mali	+	++	++	+	+
Mauritania	+	++	++	+	+
Niger	+	++	+	++	+
Nigeria	0	+	++	0	+
Senegal	+	++	+	+	++

[1]Formerly Upper Volta.

Key: 0 = stable, + = some increase, ++ = significant increase.

Adapted from Leonard Berry, "Desertification: Problems of Restoring Productivity in Dry Areas of Africa," presented to the 1985 Annual Meeting Symposium, African Development Bank, Brazzaville, People's Republic of the Congo, May 8, 1985.

Are 'False Starts' in Development Continuing?

(Continued From Previous Page)
system. Even Captain Sankara, who is open to ideas and prepared to change this, says he is caught in the dilemma that to improve farming it would be at the expense of the cities. And the government is run by city people.

"The drama of Africa today is the exploitation of the country people by city people to get cheap food and sustain city life-styles."

The problem is aggravated by birth rates across Africa that average 3 percent. "This demographic explosion further erodes the land. The population continues to grow faster than agricultural production, increased malnutrition and the food deficit. This, naturally, compromises the country's economic and political independence."

A frequent response by young African leaders is to turn to communist theory and implement such systems as collective farming, "a complete failure," in Prof. Dumont's estimation. He cites experience with state farms in Ghana, Guinea, Tanzania and Cuba. "State farms contributed to the famine that Mozambique is currently suffering and in large measure helped ruin the economy of Nkrumah's Ghana," he said.

Prof. Dumont praises the efforts of young leaders such as Captain Sankara who have tried to reverse the post-colonial system with new ideas.

But the new methods have often failed to produce better results than the old ones. Captain Sankara established a system of Regional Development Organizations (ORD) to give a revolutionary new order designed to improve agriculture.

"We must offer a very harsh judgment of the ORDs, which do little work, and are generally inefficient," Prof. Dumont said in his report. "The country people told us the ORDs are cadavers that are not quite dead."

Much of the problem in drought-swept western Africa, Prof. Dumont argues, is still aid that does little to aid. "Sankara says aid should be used to kill off aid," said the professor in an interview in his office in suburban Paris. "And he is absolutely right."

But today's aid often aggravates existing problems. For example, it tends to keep the price of grain artificially low and discourages rural development and better farming practices. And many aid projects, Prof. Dumont said, are still insensitive to local needs. France sends seed for "salad gardens" to hungry West African countries. "Have you ever been starving and been offered a salad?"

Or what Prof. Dumont considers the "most aberrant aid project I have ever seen, and I have seen a few in my time": the construction of two major dams on the Senegal River in a joint project by Senegal, Mauritania and Mali. At a cost of $800 million, one dam will be completed next year and the other by 1988. The project will produce "more electricity than could ever conceivably be used by the region."

But the governments are only starting to realize that the real burden of cost is not construction but maintenance. Prof. Dumont said that in his discussions with African leaders, he learned that the irrigation projects the dams were supposed to make possible may be canceled due to lack of funds.

"It is appalling," he said. "And so unprofitable that many donor countries and the World Bank refused to have any involvement with it."

And even apart from the aid "catastrophes," there are still plenty of self-aggrandizing projects that bleed resources with few benefits for the population.

Ivory Coast, where "the economic miracle is over," is building the new capital of Yamoussoukro to replace the coastal capital of Abidjan, which itself was a replacement capital. "There are more light standards in Yamoussoukro, with a population of 40,000, than in Abidjan, where the population is 800,000," Prof. Dumont said. But he was equally critical of Abidjan's modern complexes, which include such frivolities as a skating rink, but tower over the slums of Treichville, where people beg for food.

Prof. Dumont, who has studied developing countries from Asia to Africa and the Caribbean since 1929, has some basic prescriptions for West Africa. He calls for higher grain prices that would take farming beyond subsistence levels and break down the "catastrophic" chasm between city and country people.

Education, which has always been based on the colonial system, which was geared to churning out bureaucrats, should be dramatically changed and adapted to local populations. He claims that an illiterate person can be taught basic arithmetic and to write his own language in eight weeks. Instead, a privileged few are guided through a school system that takes 15 years and then the graduates are often unemployed because governments cannot afford to keep expanding their bureaucracies.

African governments must give much closer attention to developing agriculture and improving farming techniques to curtail soil erosion and desertification, he said. And one of the most pressing problems for Africa, the population explosion, must be recognized and acted upon. "Food production will never be able to sustain a population growing at 3 percent," he said.

Prof. Dumont retired in 1974 but is still studying and producing books on the Third World in his quest to steer them onto more positive courses for the future. After being invited to do studies of Senegal and Burkina Faso, and conducting his own research in several adjacent West African countries, he is planning another book, due to be published in the autumn.

It will be one more of Prof. Dumont's efforts to get his message of the urgent need for change across to a popular audience, with the title, "Afrique Affamée, Le Désert Gagne" (Starving Africa, the Desert is Winning).

After 50 years of study, Prof. Dumont still capitalizes on his expertise and good humor to persuade Africa's leaders to listen. "The good thing is that they are listening now. But they still aren't doing anything," he said.

A SPECIAL REPORT ON WEST AFRICA

Guinean Upheaval: Ethnic Divisions, Economic Decline

Howard French

On the street in Freetown, Sierra Leone.

LOME — Africa's regional summit meetings have often provided the occasion to depose an absent head of state, and this month's gathering of the Economic Community of West African States (ECOWAS) was another such opportunity, with President Lansana Conté of Guinea the intended victim.

On July 4, eve of the opening of the summit, news of a coup d'état in Guinea reached the Togolese capital, Lomé, site of the meeting. By that afternoon, 12 of the community's 16 heads of state had arrived in Lomé and speculation was rife as to the reasons behind the absence of those who had failed to show up.

At the center of the speculation was Colonel Conté. Togolese officials had privately confided that there was "trouble" in the Guinean capital of Conakry. Colonel Conté finally arrived that evening, apparently persuaded to attend by President Gnassingbe Eyadéma of Togo, so that, as acting president of ECOWAS, he could open the summit meetings the next day.

In Colonel Conté's words, "Before I had a chance to sit down in Lomé, I had word there had been a coup d'état led by Colonel Diara Traoré," Guinea's former prime minister. Having seized the national radio station, Colonel Traoré announced the "exile" of the president.

Early the next morning, with thousands of Togolese dancers, majorettes and musicians massed on the Place de l'Indépendence to provide entertainment for the summit's opening session, international radio broadcasts announced that the Guinean coup bid had been reversed.

Colonel Traoré's short-lived bid for power was based on two issues that are at the center of the region's instability: economic stagnation and ethnic division.

Like so many of the ECOWAS countries, Guinea's economy has floundered badly in recent years. What distinguished the Guinean situation is that 15 months ago the country had rid itself of one of the continent's most tightly controlled and repressive dictatorships, that of the deceased President Sékou Touré.

When Guinea's present leadership, known as the Military Committee for National Recovery (CMRN), filled the vacuum left by President Touré's death and declared itself in favor of free expression and liberal economic policies, the expectations of the nation were immediately kindled.

President Touré had led the country for 25 years, following a path described by a former Guinean diplomat as "anachronistic socialism." His extreme centralization of power had left the country with an almost total lack of economic development, despite the fact that Guinea ranks among the African countries most highly endowed with natural resources.

In his message to the nation following the seizure of the radio station, Colonel Traoré condemned the CMRN government for its "15 months of foot-dragging and indecision" and denounced the Conté leadership for its "ethnically based partisan infighting."

Without a hint of a program of his own, Colonel Traoré's statement alleged the "total deception" of popular expectations following the CMRN's seizure of power. Observers in Conakry noted that if it was true that material conditions in the country had not improved under military rule, Colonel Traoré's ethnic appeal totally backfired.

President Conté described Colonel Traoré's radio message as the latest in a recent series of maneuvers intended to "convince the Malinke tribe that they were being victimized" for President Touré's long reign. The Malinke tribe is the country's largest, accounting for 30 percent of the population.

The apparent solidarity of top Malinke officials in support of the Traoré coup attempt has already had grave consequences for the country. While the Guinean Army hesitated in taking sides following the coup announcement, the population of Conakry rapidly responded by gathering in the streets to denounce the self-declared "Supreme State Council." Fearing a return to the Malinke hegemony of the Touré years, the capital's predominantly Soussou population rioted throughout the night of July 4, looting and pillaging Malinke homes and shops.

With the realization that the people of Conakry firmly opposed the coup plotters, the Guinean Army mobilized in support of the absent president. The government has acknowledged 19 deaths and 229 wounded in the ensuing violence.

Whether Guinea can escape the infernal cycle of coups and instability now depends more than anything on improvement in the country's economy. The ethnic problem could be handled by a judicious balancing of the four major ethnic groups in the government. However, failure to improve living conditions is likely to lead to renewed violence.

—HOWARD FRENCH

Despite the Turmoil, World Investors Consider Guinea 'Country of Future'

By Richard Synge

LONDON — Foreign investors who have examined West African opportunities closely are largely in agreement that the region's "country of the future" is the Republic of Guinea, the nation that made headlines on July 5, when a former prime minister tried to oust President Lansana Conté from power.

Although the coup attempt failed, the incident showed that Guinea is likely to remain a somewhat elusive prize for the time being. However, many people remain convinced that Guinea will turn out right in the end.

After 26 years of virtual isolation from the world under Sékou Touré, who died in March 1984 and was succeeded by a military regime determined to reverse most of his policies, Guinea has now been invaded by bankers and entrepreneurs intent on finding the projects most likely to yield good returns.

The world's biggest concentration of bauxite deposits, substantial high-quality iron ore and other minerals, including diamonds, gold and uranium, lie beneath Guinea's soil. At present, only bauxite mining makes any significant contribution to the national economy; but negotiations are under way on the extraction of other minerals.

After the military coup in April 1984, which brought Colonel Conté to power, the World Bank and the International Monetary Fund entertained hopes of quickly reaching agreement with the new government on a recovery program. With IMF involvement, progress on such an agreement was dependent on a devaluation of the currency, restructuring of the government budget and promotion of the private sector. To date, the government has balked at taking sweeping measures that could provoke political instability and there has been little progress.

Now that the international institutions have looked more closely at Guinea's specific problems, they have come to terms with a need for a measured approach. Restructuring the state sector, which held a dominant position under Sékou Touré, and training a new breed of administrators to handle the concerns of the private sector will take some time. Moreover, the absence of a functioning banking system for local agricultural produce requires the establishment of completely new structures.

The investors now see a long haul ahead but the World Bank is already involved in discussions with the government on project selection and it expects to be able to back a major effort to promote Guinea's potential in about a year.

At present, much of Guinea's 5 million people are engaged in agricultural production on a small scale, but to keep them active will require major investments in roads and basic amenities.

Once local and foreign confidence in Guinea's economic policies is restored, the revival of the country to its former status as the "jewel of West Africa" should be rapid. Guinea is still receiving more of a sympathetic hearing in the West than most of its fellow members in ECOWAS.

There are, however, some other states in the region where a positive drive to attract private foreign capital is well advanced. The Cape Verde Islands, remote but still a part of ECOWAS, is making a strong push to attract funds from the United States and particularly from Cape Verdian émigrés, who now outnumber the islands' inhabitants by two-to-one (600,000 compared with 300,000).

Already, Cape Verdians abroad are a major source of income for these drought-stricken islands, sending home at least $30 million per year, enough to stave off an otherwise desperate balance-of-payments crisis.

Although the islands could eventually attract considerable investment in tourism, the prevailing difficulties of finding and storing water for drinking and irrigation must be overcome. The government also wants to promote a stronger local economy before opening the floodgates to foreign investors.

Cape Verde Islands has great potential as a fishing center and this is where the government is hoping to persuade the émigrés to put their money. There is also scope for a large number of small industries. In recent months, investment agreements have been signed for a cement factory and a brewery, and the World Bank is sponsoring the evaluation of financing of other entreprises.

Another candidate for foreign investment in West Africa is Togo, a focal point in the ECOWAS system and a country that has enthusiastically embraced IMF and World Bank conditions and policies. Togo also has a vocation as an entrepôt for the bigger regional economies of Ghana and Nigeria, although its population is only 3 million.

Togo's government is now trying to sell off its moribund state industries, set up in the 1970s on the basis of a miscalculation of the earning potential of phosphates, the country's main export. Most of the industries failed through bad planning and bad management and the government is now offering the facilities to any entrepreneur who can guarantee their profitable operation. The terms being offered are generous and have already attracted considerable interest from abroad.

Togo's oil refinery is now being leased by oil companies as a storage center and its steelworks is being operated by John Moore, an American businessman, who has adapted existing facilities to a small-scale but highly profitable rolling operation.

Other state firms set for privatization are in textiles, marble mining, detergents, oil seeds, milk products and plastics.

Togo, as a small country with considerable variety and good communications with the rest of the region, also has potential as a tourism center. Here, however, its fortunes will rest on whether it can agree to welcome cheap charter tours that would help make it competitive with the other tourism centers of the region, Gambia and Senegal.

Other countries of West Africa will be watching closely the outcome of Togo's privatization program. If it works out as planned, with both government and investors getting the financial rewards they expect, the program is expected to have imitators throughout the region.

Aging Leaders and Succession: A Critical Issue

(Continued From Previous Page)
has wielded almost complete control, making even day-to-day government decisions in his private office.

The 1978 constitution of Sierra Leone names the first vice president, currently Ibrahim Sorrie Koroma, as successor on the death or incapacity of the president. However, there are doubts as to whether Mr. Koroma, 56, has the popularity or physical strength to rule. Neither does Mr. Koroma have Mr. Stevens's support.

In June of this year, Mr. Stevens's latest seven-year term of office ran out. Since he had not decided on a successor, however, the president asked for and, of course, received a six-month extension until December.

This limbo period has seen a sharpening of political knives and yet more uncertainty. Other candidates, such as the recently appointed second vice president, Francis Minneh, have joined the fray.

But civilian politicking may prove to be just theoretical, as popular discontent at the parlous state of the economy is exacerbated by a lack of clear leadership.

Major General Joseph Momoh, chief of staff of the armed forces, is now seriously considered as a leader who could bring order and purge the country of widely alleged corruption. As with the civilians, however, General Momoh is seen as an integral part of a discredited regime. Being an ex-officio minister of Parliament and APC member, he also has no popular base (neither do many of the MPs, being imposed from the top) and he may be mistrusted by radical younger army officers.

Sierra Leonean politicians watched closely events in neighboring Guinea, where last year the dictator, Sékou Touré, died. Within days, the highly centralized regime he had built up collapsed as senior army officers took control.

A peaceful succession was not possible in Guinea because the institutional structures proved fragile. On their demise, confusion reigned and the only viable structure left was the army.

Politicians in Ivory Coast have similar problems. Ruled as a one-party state since independence by Félix Houphouët-Boigny, Ivory Coast has been favored by Western investors because of the generous incentives it offers to foreign capital. However, poor world prices for its exports and a lack of genuine indigenous development have led to an economic crisis.

This crisis has been deepened by uncertainty over Mr. Houphouët-Boigny's intentions. Constitutionally, until 1980, the successor of the president was the president of the National Assembly. However, in 1980, the incumbent of this post, Phillipe Yacé, was sacked and the constitution changed. Speculation and competition followed.

Candidates include the current president of the National Assembly, Henri Konan-Bedié. A former World Bank employee and ambassador to the United States, Mr. Konan-Bedié comes from the same part of the country as Mr. Houphouët-Boigny. Mayor Emmanuel Dioulo of Abidjan, the economic capital, was a strong candidate until last year, when he became embroiled in a financial scandal. However, Mr. Dioulo still has powerful connections, including Mr. Houphouët-Boigny's family. The current minister of defense, Jean Konan-Banny, is another possible candidate.

A convention of the ruling party, the Democratic Party of Ivory Coast (PDCI) is due later this year, when, in theory, delegates will choose a presidential candidate for the single-candidate elections. However, since the PDCI "choice" is almost bound to be Mr. Houphouët-Boigny, interest will center on whom he chooses as his vice presidential running mate. This is the man who will rule Ivory Coast when Le Vieux (the old man), as he is known, dies.

However, the PDCI faces the same problem as the APC in Sierra Leone and many other single-party regimes. Unlike certain left-leaning regimes such as Ghana or Burkina Fasso, there is little attempt at mass participation: When the boss goes, the party therefore crumbles. Also, Ivory Coast is now bordered by military regimes of various political hues, which may have inspired unconstitutional ideas in the officers' villas and barracks alike.

In no West African country has party to another by elections. Indeed, in the whole of Africa, this has only happened once, on the island of Mauritius in 1982.

Similarly, there has only been one case in West Africa of a president handing over power to a successor in a peaceful atmosphere. That was in Senegal in 1980, when President Léopold Senghor relinquished his office to his prime minister, Abdou Diouf, after some deft constitutional changes.

The problem of succession becomes more acute in direct proportion to the personal influence of the head of state himself. In poor countries where the state is weak, established structures come under severe strain when the dominant personality goes.

The physical stamina of the old leaders is another factor. Unable to keep up with state affairs, they become increasingly influenced by "special advisers." Mr. Houphouët-Boigny, for example, has a powerful "kitchen cabinet" of foreigners, French, Malian or Algerian, who are close enough to the president to have more influence than traditionally powerful ministries.

For these men and women, the ultimate power of the president is their lifeline; it is in their interest to shield him from criticism and encourage him to remain in power. Broader interests, let alone those of the majority of the people, can come a very poor second.

A fish market at Freetown, Sierra Leone.

Interest in Oil Potential Grows, but Not as Economic Panacea

By Howard Schissel

PARIS — None of the western members of the Economic Community of West African States may have the immense hydrocarbon potential of Nigeria, but all are making considerable efforts to cover their own domestic oil consumption needs and even produce a surplus for export.

Taking heed of the difficulties being experienced by Nigeria and other African producers, West African states no longer view oil as a panacea for their economic ills. Instead, economic planners consider possible hydrocarbon resources as a means of reducing the burden of foreign debt as well as providing a fillip for a more balanced approach to development.

West Africa, with the exception of Nigeria, has received much less attention from Western oil companies than Central Africa, where Angola, Congo, Gabon and Cameroon are well-established oil provinces. Despite slack oil prices during the last few years, interest in West Africa's oil potential has been growing. A number of states in the region have revised their petroleum codes to make the investment climate more attractive to foreign firms.

"Since the late 1960s, several oil and gas discoveries have been made [in West Africa], but in view of the relatively low drilling density, further discoveries are nearly certain," Michel Dumestre, a specialist on West African geology, told the Oil and Gas Journal in May. He added that, due to the area's complex geology, it will be necessary for oil companies to carry out "careful and detailed analysis of the structure and reservoir distribution [which] can lead to the discovery of new reserves in the vicinity of known accumulations."

A case in point is Benin's Seme field, located in relatively shallow water not far from the country's maritime frontier with Nigeria. Abandoned by an American company in the early 1970s as noncommercial, subsequent reappraisal of reserves showed the field had a sizable accumulation of at least 10 million barrels.

The field was brought into production in the early 1980s by Norway's Saga Petroleum under a service contract. Output has now reached some 9,000 barrels a day, providing Benin with the opportunity to improve its trade balance and cover local needs. A second-phase development plan is under way that should boost production capacity to around 15,000 barrels a day by 1986. Benin is also offering new acreage for exploration under production-sharing terms.

The initial success chalked up by Union Carbide in the early 1970s on Togo's continental plateau have yet to be confirmed. Earlier this year, Texaco's Getty Oil affiliate stopped dry its Mono 1 wildcat. Results are being evaluated before future exploration plans are announced.

Ghana has once again opened up its offshore area for exploration after a series of noncommercial finds and chronic political instability discouraged a host of Western groups. During the late 1970s, firms like Italy's Agip, Phillips Petroleum, Texas Pacific and Getty Oil were engaged in exploration in Ghana, but most decided to terminate their operations.

The government of President Jerry Rawlings revised its oil legislation and had an extensive seismic survey of the continental plateau carried out in coordination with the reinterpretation of past drilling results. Hydrocarbon potential in Ghana's maritime territory is said to be attractive. Political considerations, however, appear to have reduced the country's appeal. Only a few companies bid for offshore acreage, which is expected to be granted later this summer.

Planners consider hydrocarbon resources as a means of reducing foreign debt.

Late last year, Primary Fuel Co. of Houston took over operations from the Tulsa-based Agri-Petco on Ghana's sole producing field off the town of Saltpond. Output has slowed to a trickle. Primary Fuel is supposed to invest around $60 million to raise production to a planned 8,000 barrels a day. Petro-Canada International, the overseas arm of the Canadian national company, drilled two promising wells last year in the Tano basin, previously relinquished by Phillips.

After being touted as a "second Nigeria," the Ivory Coast has revised downward its hydrocarbon potential to more modest proportions. Optimism that Phillips' offshore Espoir field would turn into an oil bonanza was shortlived as technical difficulties, coupled with the high cost of operating in relatively deep waters, dampened initial hopes. Moreover, recent drilling has shown that the Ivory Coast's continental plateau may possess more gas reserves than liquid hydrocarbons.

Output from the Espoir field and Esso's small Bélier field reached 24,000 barrels a day in mid-1985. This practically covers consumption requirements. Phillips reportedly has plans to bring into production the B1 field, discovered in 1982. This could raise Ivorian output to around 35,000 barrels a day in 1987.

Exploration drilling on the far western portion of the continental plateau has yet to bear fruit. It was announced earlier in the year that an American independent, Albion Resources, had taken an option on offshore blocks for PE2 and PE3, previously abandoned by Esso.

The Chicago-based Amoco Corp. picked up six offshore permits after the Liberian government reopened its continental shelf for hydrocarbon exploration in 1982. After a seismic program, Amoco drilled three wildcats, none of which turned up commercial hydrocarbon reserves. Amoco is to spud a fourth wildcat before the end of the year. Onshore, the U.S. independent, Henry Resource Corp., acquired a block covering the Bassa and Roberts basins. The firm must drill at least two wildcats over the next three years.

Amoco took over the operatorship last year of a block offshore Sierra Leone from two American concerns, Aracca Petroleum and Oxoco International, which remain as minority partners. Following a seismic survey, Amoco is to initiate its drilling campaign during the second half of the year.

Prospects for increased prospection in the offshore zone of Guinea and Guinea-Bissau were improved last spring, when the International Court of Justice in The Hague handed down an advisory judgment on the continental plateau dispute opposing these two states. The problem involved interpretation of a treaty between France and Portugal dating from the colonial era.

The court's ruling accorded the area off the town of Boe to Guinea, thus opening the way to rapid resumption of exploration activities by the Société Guinéenne des Hydrocarbures, a joint venture between the Guinean government and two U.S. companies, Superior Oil and Union Texas Petroleum.

Guinea-Bissau, however, must still find a solution to the maritime border dispute with Senegal. Again, this imbroglio involves differing interpretations of colonial treaties. The two governments decided last spring to set up an independent panel in Geneva to arbitrate the problem. It is expected that the arbitration process will be completed by mid-1986.

Only France's state-controlled Elf Aquitaine group is currently active in Guinea-Bissau. It drilled a dry wildcat last year.

In Senegal, two Canadian firms, Husky Oil and Ocelot Oil, possess offshore permits near the capital of Dakar. The government is revising its petroleum code and plans to offer new acreage to interested firms next year. A large deposit of heavy oil, Dôme Flore, was discovered off the southernmost Casamance province in the early 1970s, but it is not considered economically viable under present conditions.

Mauritania's oil hopes received a temporary setback last year, when Mobil Oil's Coppolani wildcat was dry. This led the New York company to abandon its two offshore blocks in the vicinity of Nouakchott. Another large U.S. oil firm is reported to be on the verge of an agreement with the Mauritanian government for the acreage relinquished by Mobil.

Oxoco International is exploring onshore Block 9, covering an area along the Senegalese border. Atlantic Richfield is studying the results of its seismic survey on offshore Block 8 before announcing a drilling campaign.

Mauritanian officials were closely following the results of drilling at the beginning of the year in the Malian portion of the promising Taoudeni basin. Gas was struck on the Mauritanian side of the border in the early 1970s, but production operations were not judged profitable at the time. Exxon's Atouila 1 well was stopped dry. Drilling results are to be analyzed before Exxon reveals its plans. Previously, Elf drilled a couple of dry wells at Ansongi, near the frontier with Niger, and at Yarba, some 300 kilometers (180 miles) from Timbuktu.

High expectations raised by preliminary drilling results on the Sokor structure by Elf received a setback when it was announced last year that appraisal wells showed reserves of no more than 7 million barrels. The deposit is located in the extreme eastern part of Niger near the frontier with Chad. Given the distance from the capital, Niamey, such a small accumulation is insufficient to justify the construction of a small refinery. Exploration efforts are likely to be concentrated in coming years on the promising Niger portion of the Chad basin.

Regional Fund Is Polishing Financial Image

LONDON — Often hindered in its work by the political and economic problems inherent in the Economic Community of West African States (ECOWAS), the organization's Fund for Cooperation, Compensation and Development is concentrating on improving its efficiency as a financial institution.

The best way to overcome the community's problems, says the fund's new director, Mahenta Fall, is by careful preparation of programs and projects and "a vigorous policy of cooperation with all scientific, technical and financial institutions."

An important development now under way is the establishment of a computer center to help with the fund's intended role as a compensation bank in intraregional trade. The $3.8-million computer system would also process data for national projects. The first part of the system has already been installed in Bamako, Mali.

The fund's management feels that its image will be much improved when it has moved into its planned twin-tower headquarters building in Lomé, Togo. But the institution has already earned the respect of international bankers and multilateral agencies without moving from its rudimentary two-story block in the center of Lomé.

The fund has a demanding task ahead: to finance community development, to promote projects on behalf of its least-developed member states, to support trade liberalization within the community, to provide compensation for intraregional trade and to guarantee foreign investments.

"As an institution, we have taken some time to develop," says Mr. Fall, who has been with the fund for six of its seven years, "but it has kept on track despite the political problems. The prudence of the ECOWAS heads of state is the greatest guarantee of our success and we always have a good attendance at ECOWAS summits."

Mr. Fall has long experience of administration in the economic sector in his own country, Senegal, where he helped draw up development plans in the 1960s and was economic adviser to the prime minister in the 1970s.

With a paid-up capital of $44 million, the fund has earned enough from its investments to finance the operational budget. It has also been able to pay for some substantial project work out of its own resources, notably the $12.5-million first phase of the community's Intelcom I telecommunications project. The fund's own resources will also go toward the new $10-million headquarters building.

Most importantly, the fund has been successful in attracting finance from significant aid sources, including $8 million from the European Investment Bank and smaller amounts from United Nations and European Community bodies.

Apart from the funding of communications links, Mr. Fall also sees a role for his institution in promoting agricultural development.

"I feel ECOWAS should do everything it can to be self-sufficient in food by the year 2000," Mr. Fall says. "By November, we are planning ... to submit to our board of directors an outline of a program for the implementation of these objectives. The resources for this are not likely to be big, as agriculture is not appreciated by the financial institutions, but we are planning to take a lead so that our partners can come in later.

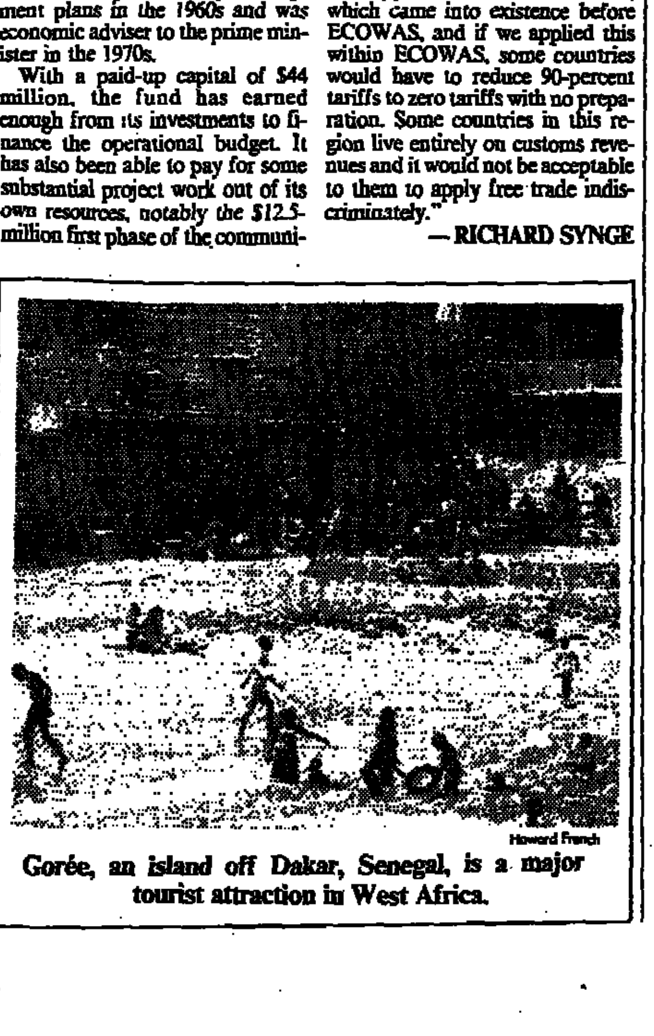
"Although ECOWAS has only technicians, we have decided to try to reach the farmer, go to the grassroots level and get the farmers to know what ECOWAS can do for them. We want to build dams, dikes and access roads to open up the interior so that farmers can increase their production."

Industry is another of Mr. Fall's personal priorities although he is aware of the problems posed by the contrasting political attitudes toward investment within the region. He believes that ECOWAS "should not discourage foreign investment, and, on the contrary, should encourage it, with national participation."

Expressing the need for caution in the growth of ECOWAS as a whole, Mr. Fall says: "Any change we make can give rise to new problems and so we have to be careful of every step we take." He cites the overlapping roles of ECOWAS and the Francophone Communauté Economique de l'Afrique de l'Ouest (CEAO).

"Most-favored-nation status now applies to members of CEAO, which came into existence before ECOWAS, and if we applied this within ECOWAS, some countries would have to reduce 90-percent tariffs to zero tariffs with no preparation. Some countries in this region live entirely on customs revenues and it would not be acceptable to them to apply free trade indiscriminately."

— RICHARD SYNGE



Gorée, an island off Dakar, Senegal, is a major tourist attraction in West Africa.

Region Pays a Harsh Price for Dependence on Commodities

By Randell E. Moore

WASHINGTON — The sinking price of oil has left Nigeria, the dominant economy of West Africa, in a state of financial crisis.

Nigeria's economic woes, however, are symptomatic of all members of the Economic Community of West African States (ECOWAS) in at least one sense: The lack of regional development has left most ECOWAS members' economies dependent on one or at most a few primary commodities for the bulk of their export revenues.

Primary-commodity exports as a percentage of total exports varies in West Africa from Senegal's 27 percent to Nigeria's 95 percent, but the median is slightly above the 50-percent mark. Moreover, prices for those commodities have been in decline for almost half a decade.

While reliance on one or two major commodity exports is a familiar situation in the Third World, West Africa's economies exemplify the crushing financial burdens that can accrue during disinflationary periods.

Nigeria's almost sole reliance on oil for its export earnings represents the extreme example among West African nations. It is only to lesser degrees, however, that other ECOWAS members face the same problem.

According to the World Bank, coffee and cocoa account for approximately 40 percent of the commodity exports of Benin, 46 percent of Ivory Coast, 24 percent of Sierra Leone and 20 percent of Togo. Cocoa alone represents 46 percent of Ghana's commodity exports. Benin and Togo derive another 19 percent and 5 percent, respectively, of their commodity exports from cotton.

In addition to Ghana's almost 50-percent dependence on cocoa exports, Mali relies on cotton for 41 percent of its commodity export earnings. Peanuts account for 35 percent and 29 percent, respectively, of Gambia's and Guinea-Bissau's exports. Although peanuts themselves represent only about 1 percent of Senegal's commodity exports, that nation derives 12 percent of such earnings from peanut oil.

The only other major agricultural, though nonfood, commodity exported by any West African country is rubber, from which Liberia earns about 16 percent of its export revenues.

ECOWAS exports of nonagricultural commodities are just as plagued by what one International Monetary Fund economist calls the problem of "too many eggs in one basket."

Chief among the problem nations is Nigeria, which depends on oil for 95 percent of its total commodity exports. Approaching this level of dependence on one commodity are Mauritania and Liberia, where iron ore accounts for 70 percent and 59 percent, respectively, according to World Bank statistics. Guinea relies on bauxite, from which aluminum is processed, for 37 percent of its commodity exports.

Overshadowing the 25 percent of Togo's commodity exports that cocoa, coffee and cotton represent is the 44 percent that phosphate rock accounts for.

Given this precarious dependence on primary commodity exports for the economies of West Africa, the disinflationary trend of the past few years has been all the more devastating.

As measured by the World Bank's nonfuel commodity index, real commodity prices (adjusted for inflation) last peaked in 1980. The next two years of economic recession produced the steepest and most protracted decline in commodity prices since the 1930s.

In 1983 and the first half of 1984, economic recovery in the United States and to a lesser extent in Western Europe combined with supply-related factors to produce a rebound in the prices of many commodities. In particular, both food and nonfood agricultural prices rose, some sharply.

Since mid-1984, however, primary commodity prices have resumed a downtrend. Major contributors to this slide include a substantial slowing in the pace of U.S. economic expansion, only partial recovery among Western European economies, real interest rates that remain high by historical standards, a steep dollar exchange rate and improvement in supply conditions for many agricultural commodities.

For the most part, the prices of commodities exported by ECOWAS members have followed the general price trend of the past five years.

After falling precipitously in 1981-1982, cocoa prices rose nearly 40 percent from late 1982 to August of 1984, most of the increase due to drought in West African and Latin American producing nations, as well as political and economic uncertainty in Ghana. Since August of last year, however, cocoa has moved erratically lower, erasing a sizable proportion of its previous 18-month price rise. In addition to more general economic factors, this decline results from cocoa's movement from deficit in the last two years to surplus in 1984-1985.

Compounding the price decline is the failure by International Cocoa Agreement (ICCA) members to reach an accord on a plan for stabilizing prices. Even if ICCA members could come up with a plan, the fact that Ivory Coast (the world's largest producer) and the United States (the world's largest consumer) are not members would undercut the potential for lasting success.

Where the ICCA has largely failed, members of the International Coffee Organization (ICO) have succeeded.

Although slower than cocoa to recover from the 1981-1982 price bashing, coffee prices began to rise in 1983 and there has been little slippage during the last year. This is almost solely attributable to the ICO's quota system, since fundamental coffee-market factors, including weak demand, high stocks and overproduction, continue to persist.

The recipe for the ICO's success is the widespread adherence of all major coffee-producing nations to the organization's quota system and price range, combined with the acquiescence of the major coffee-consuming nations, particularly the United States.

There are, nevertheless, strains in the ICO. Stocks have been rising since 1978-1979. The U.S. Department of Agriculture forecasts a record world production level for 1984-1985 crop year, while studies linking coffee with cancer threaten consumption.

Perhaps more dangerous to the ICO is the apparent dumping of off-quota coffee by producers. Surreptitious cut-price sales threaten to produce the sort of problems for the ICO that discounting of oil has for the Organization of Petroleum Exporting Countries.

In 1983, cotton posted a 36-percent rebound from depressed 1982 levels but has since been in a tailspin. Global supplies of cotton are at record highs, production continues to rise and consumption remains sluggish. In addition, declining oil prices have made petroleum-based polyesters more competitive with cotton textiles.

A surge in U.S. automobile production, poor natural rubber production and the International Rubber Organization's decision not to sell from its large buffer stock sent rubber prices up by 43 percent in 1983. Labor problems in Western Europe, the United States and Canada, which forced the closure of many automobile plants for a time, erased a sizable portion of the previous year's price increase during the second half of 1984.

There was a slight recovery in rubber prices early this year, but the general slowdown in economic growth in the United States, the persistent surplus of natural rubber and better-than-anticipated production of the commodity during the past two years are factors that leave its price vulnerable.

Prices of oil, bauxite, iron ore and phosphate rock, which are more dependent on the general level of economic activity and not subject to the short-term influence of weather-related factors, have fared much worse than agricultural prices in recovering from the 1982 lows. Prices for some, in fact, have slipped below even those depressed levels.

Excess production capacity and weakening demand since the late 1970s have burdened producers of all four of these commodities. For the past year, stagnant U.S. industrial production increased the downward price pressure. As a result, the outlook for recovery in prices of these minerals is almost solely dependent on prolonged renewal of economic growth throughout the industrialized world.

The last five years have provided a severe test of the effectiveness of international commodity organizations. Although periodic achievements have been recorded overall, the only organization affecting ECOWAS members that can be labeled a success is the ICO.

However, OPEC's eroding power underscores that even the most successful of price stabilization agreements are susceptible to market forces and the lack of members' adherence to the organization's strictures.

For the time being, then, it appears that ECOWAS members' dependence on exports of only a few primary commodities for their economic lifeblood will remain a major detriment to their economies.

Traditional cloth weaving in Toumodi, Ivory Coast.

Organizational Overlap Slows Regional Unity

LOME — In a report to the ministerial delegations attending the recent summit of the Economic Community of West African States (ECOWAS), the organization's executive secretary, Momodu Munu, described "the proliferation of intraregional organizations charged with more or less the same aims [as] one of the greatest problems facing our community."

The ECOWAS region of 16 West African states has at least 17 major economic organizations, most of which involve the community's nine Francophone states. A number of participants at the summit in Lomé, Togo, pointed out that the existence of seven exclusively Francophone economic bodies of the subregion — there are no exclusively Anglophone organizations — has provoked doubts among the community's Anglophone and Portuguese-speaking members as to the sincerity of their Francophone partners' desire to render ECOWAS more functional.

The division between Anglophone and Francophone states in West Africa has its obvious roots in colonial history. Between them, France and Britain carved up the bulk of the region, leaving behind institutions and habits patterned after their own.

West Africa's Francophone countries owe their cohesiveness to a number of factors, most important of which are continued strong ties to France and their contiguous geographic position. The region's Anglophone countries, on the other hand, have made do with a much lower level of British economic and political presence and are largely scattered throughout the region, separated by Francophone states.

France's attitude toward its former colonies stands in stark contrast to that of Britain. With the notable exception of Guinea, the first Francophone state to attain independence, France maintained, and often strengthened, its links with its newly independent colonies.

Most of these countries signed similar cooperation agreements with the former *métropole*, which continued to deploy large numbers of "technical assistants" whose role was to train local cadres and assure the smooth functioning of the bureaucratic machinery. Most importantly, France continued to back the common currency used by its former colonies, the CFA franc, whose full name was modified from Colonie Française de l'Afrique to Communauté Financière Africaine. The CFA franc is held at a fixed 50-to-1 parity with its parent French franc and is freely convertible.

The seven-member West African Monetary Union (UMOA), the governing body of the region's "CFA countries," is, by all accounts, a major obstacle to the creation of a functional ECOWAS monetary union, a primary objective of the community. In contrast, West Africa's English-speaking countries all have nonconvertible national currencies and their complement of flourishing black markets.

The logic behind ECOWAS's goal of a 16-country monetary union, and the eventual creation of a common currency, is undeniable. By international standards, the region is made up of exceptionally small and weak economies. Even Nigeria, ECOWAS's giant, suffers from its economy's almost exclusive reliance on the petroleum sector and it has been unable to forge an international currency, despite its population of nearly 100 million.

ECOWAS's dream of pooling the strengths of its members' economies and forming a common convertible currency remains far away. These economies together would make for a respectable level of diversification, including exports of oil, gold, diamonds, bauxite, cocoa, coffee, uranium, phosphates and rubber.

Besides the host of technical problems impeding the creation of a regionwide currency, there is the sempiternal Anglophone-Francophone divide. The Francophone states are unwilling to risk sacrificing the perceived advantages of their foreign-backed common currency for the abstract benefits eventually obtained from an ECOWAS currency. An Ivorian delegate at the Lomé summit said, "We can't be expected to give up the CFA franc, and the Nigerians would never consider joining UMOA."

The focal point of the Francophone-Anglophone rivalry in West Africa is the region's two economic powers: Nigeria and Ivory Coast. Nigeria commands attention by virtue of its economic weight and population. Its influence is strongly felt in the coastal countries of Benin, Togo and Ghana, and in landlocked Niger. This is evidenced by Nigeria's 1984 border closure and subsequent expulsion of "illegal aliens," which provoked serious economic reversals in these countries.

Proportionally, Ivory Coast, with one-tenth the population and approximately one-eighth the gross domestic product, has comparable economic weight to that of the Nigerian giant. Although landlocked Burkina Faso is the only country

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A SPECIAL REPORT ON WEST AFRICA

Tying Up Loose Ends in Communication

LONDON — International executives who have visited a number of West African countries in one trip will know that scheduling of such ventures should not be too tight and that one must always allow for the unexpected incident or cause of delay.

An aircraft with an electrical fault at Sierra Leone's Lungi International Airport might cause the loss of a whole day or night while passengers are ferried back and forth between the airport and Freetown for food and accommodation. Or an unexpected search by Nigeria's security agents before departure from Lagos might mean that a connecting flight in Abidjan would be missed altogether.

Even the executive with a private aircraft can run into the unexpected, as did Francesco Forte, an Italian deputy minister, in June, when his plane hit a sandstorm on the way to Ndjamena, Chad, and had to land unannounced in Maiduguri, northern Nigeria, where he was detained for a day while the local authorities checked his identity.

Mr. Forte's itinerary for his mission to distribute aid for drought relief in the Sahel was badly disrupted.

But if air travel is subject to disruption, on the ground it is even more apparent that much has to be done to overcome the dislocations that are only partly environmental and are mainly a result of the former colonial divisions in West Africa.

Filling in what the colonists left undone in West Africa seems almost to have become an insuperable problem. Business people complain about the difficulty of telephoning between neighboring countries. Tourists are puzzled by the problem of crossing national borders.

The colonial investments in roads, railroads and telephone systems were made without regard for a future era of intra-African cooperation. Independent governments at first did little better, concerned to maximize their authority within existing national borders.

The business of opening up West African links might have been left solely to smugglers and illegal immigrants were it not for the creation of the Economic Community of West African States (ECOWAS) and the consequent vision of a communications complex spanning the region.

ECOWAS is already involved in financing border roads and bridges that form part of the Trans-West African Highway, which will link Nouakchott in Mauritania to Nigeria's borders with Cameroon by two routes, one following the West African coastline to Lagos, where it connects with Nigeria's internal network, and the other crossing the forbidding wastes of the Sahel through Bamako, Ouagadougou and Niamey.

According to Mazariou Dallo, director of operations for ECOWAS's Fund for Cooperation, Compensation and Development, the fund has already committed around $8 million to construction work on bridges in Benin, Togo and Sierra Leone and for feasibility studies on the Liberian and Malian sections of the Trans-West African Highway system.

At least 25 percent of each of the 5,000-kilometer (3,092-mile) routes is either unbuilt or is untarred, according to ECOWAS estimates. Remaining work on both roads is expected to cost around $1.5 billion, according to the estimates.

The money for building these links can, in the main, be found in the national budgets supported by Arab and European aid money, but the countries with the poorest road networks are often those with the least resources for development or access to aid. The list includes Guinea, Guinea-Bissau, Liberia, Sierra Leone, Burkina Faso and Mali. Here, ECOWAS hopes to play a "catalytic" role by funding studies and lobbying for outside funds.

The main thrust of ECOWAS project spending in the last few years has been in telecommunications. By 1986, there will be considerable improvement in telephone and telex contacts among the states of the eastern part of the region. In addition, contracts are on the point of being signed with France's Alcatel-Thomson company for similar links among the western states of Senegal, Gambia, Guinea-Bissau and Guinea, with some provision for relaying television programs among these neighbors.

Tying up the very loose ends of West Africa's railroad networks may be the next project. The Organization of Petroleum Exporting Countries' Fund for International Development in Vienna recently hosted a meeting to discuss the integration of rail systems in five countries. Those present have been reluctant to reveal the identities of the five countries, "so as not to raise unwarranted hopes," but they reported good progress in discussions that could lead to the funding of feasibility studies. They examined how a more efficient railroad network could reduce prices for goods imported to inland areas and facilitate cost-effective exploitation of minerals.

A strong candidate for such linking would be Burkina Faso, which has already started construction of a rail line from Ouagadougou to Tambao, where there are valuable but untapped manganese deposits.

While plans for new rail construction fit a logical development path, most governments in the region are worried by the continuing deterioration of their existing networks. Ghana and Ivory Coast are currently undertaking major railroad rebuilding programs, but other countries have been less fortunate in finding the necessary financing.

The prospects of trans-West African railroad systems are much dimmer than those for roads. With the English-speaking states forming "islands" in the contiguous block of Francophone countries, it will take significant political will, as well as major financing, to overcome the barriers to good intraregional communications.

—RICHARD SYNGE

Howard French

In the parched Sahel: Encroaching desertification is pushing the sub-Sahara region south.

A Continent Loses Ability to Feed Population

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ta grain production was 118 and 120 kilograms respectively, down more than a third from the peak. Although the decline has been more precipitous in some countries than in others, few have escaped this trend.

As per capita grain production has declined in this agrarian society, so has per capita income. The African ministers responsible for economic development and planning are now painfully aware of this trend. At an April 1985 meeting of the Economic Commission for Africa, they drafted a memorandum to the UN Economic and Social Council, which was, in effect, a plea for help.

They observed that, "As a result of sluggish [economic] growth and a high rate of population growth, per capita income, which was growing at negligible rates during the seventies, has consistently declined since 1980 at an average annual rate of 4.1 percent, and average per capita income is now between 15 and 25 percent less than 15 years ago."

In addition to declining per capita food production and income, Africa's foreign debt is growing, partly because of rising food imports. The region's cereal import bill climbed from $600 million in 1972 to $5.4 billion in 1983, a ninefold increase. By 1984, food imports claimed some 20 percent of total export earnings. Meanwhile, servicing the continent's debt, projected to reach $170 billion by the end of 1985, requires an additional 22 percent of export earnings.

Africa's plight is rooted in its phenomenal rate of population growth, the fastest of any continent in history. The introduction of public health measures and vaccinations has reduced death rates. But without parallel efforts to reduce birth rates, overall population growth has accelerated. As a result, Africa's population is now expanding at 3 percent a year, or twentyfold per century.

This enormous growth in human members, now under way for a third of a century, is stressing natural support systems throughout the continent. In country after country, sustainable-yield thresholds of forests and grasslands are being breached. Soil erosion, the loss of soil organic matter and the depletion of soil nutrients are diminishing land productivity over much of Africa.

Although the short-term effects of this environmental degradation are serious, accumulating evidence suggests that the continentwide loss of vegetative cover and the degradation of soils may be disrupting long-term rainfall patterns as well. Although no meteorological models conclusively prove this link, policymakers must now confront the possibility that under the stresses imposed by growing populations, environmental and climatic deterioration are reinforcing each other in Africa.

At issue is whether national governments and international assistance agencies can fashion new, environmentally sound development strategies to reverse the ecological deterioration and economic decline that is inflicting such suffering on the people of Africa. Without a mobilization of resources, the prospect of reversing the decline in per capita grain production is poor, suggesting that famine will become chronic, an enduring feature of the African landscape.

A Start on Intelcom I Link

LONDON — The Economic Community of West African States' $60-million telecommunications project, known as Intelcom I, has been some years in gestation. Work on the first phase, costing $12.5 million out of the ECOWAS Fund for Cooperation, Compensation and Development, started in 1983 and is due for completion in a few months. It provides a 300-channel link between Ouagadougou, Burkina Faso, and Bolgatanga, Ghana, a distance of 200 kilometers (124 miles); a 960-channel link, including television, between Korhogo, Ivory Coast, and Sikassou, Mali, a distance of 250 kilometers; a 120-channel link between Fada N'Gourma, Burkina Faso, and Porga, Benin, a distance of 150 kilometers; and a 300-channel link between Sokoto, Nigeria, and Birni Nkonni, Niger, a distance of 150 kilometers.

The first work on the second phase will be a 960-channel link, with TV, from Kaolack, Senegal, to Banjul, Gambia, and on to Ziguinchor, Senegal, a distance of 220 kilometers; a 120-channel link from Ziguinchor to Cacheu, Guinea-Bissau, a distance of 35 kilometers; a 960-channel link from Kedougou and Tambacounda, both in Senegal, to Mali, a town of that name in Guinea. The remaining work of phase two includes links between Guinea and Guinea-Bissau, Mauritania and Mali, Mali and Guinea and extension of Mali's internal network.

—RICHARD SYNGE

A SPECIAL REPORT ON WEST AFRICA

Nigeria's Expulsion Of Migrants Could End Old Tradition

By Stephen Smith

LOME — For centuries, migratory movements have been a feature of West African history. But the dramatic expulsion of an estimated 200,000 illegal aliens by Nigeria in May this year, after the 2 million already expelled in January 1983, definitely calls into question the traditional tolerance of migratory labor in this part of the world.

What is more, the periodic expulsions upset the concept of free movement of persons, widely viewed as one of the cardinal points of agreement among members of the Economic Community of West African States.

However, Nigeria's tough policy on immigration, unchanged since the military government under Major General Muhammadu Buhari took over power from the Shagari administration in January 1984, does not contravene the letter of the ECOWAS protocol on free movement of persons, right of residence and establishment, adopted at the Dakar summit in May 1979.

The first phase of the protocol, in effect since 1980, gives the right of entry for a visit of not more than 90 days without a visa only to those nationals of ECOWAS countries who are in possession of valid travel documents. This does not apply to most of the expelled aliens, who could not possibly comply with Nigeria's immigration or residence requirements, not to mention the fact that the protocol, at its present stage of implementation, does not confer any work privileges.

The right to establish commercial enterprises for any ECOWAS citizen in any ECOWAS country is only being envisaged for the third phase, from 1990 onward. This year, the second phase of the protocol, which gives the right of residence to any national within ECOWAS, was to be put into effect. But, as a major concession, especially to reluctant Nigeria, the heads of state decided, at their last summit meeting in Lomé, Togo, a few weeks ago, to postpone the implementation of this second phase until June 1986.

Outside Nigeria, hardly anyone would deny that the new exodus, with all its chaos, indignity, hardship, panic and danger, violates the spirit of ECOWAS. But the military government in Lagos invariably dished up the same justifications for the expulsions already advanced by the Shagari regime two years ago: the pressure on Nigeria's economy and the need to regularize employment practices, the growing crime rate and the involvement of aliens in prostitution and religious disturbances in northern cities.

At the opening ceremony of the recent Lomé summit, however, the Ghanaian minister of finance, Kwesi Botchwey, spoke bluntly of "the danger of making scapegoats of non-nationals by conveniently labeling them as 'illegal aliens'."

The danger, in fact, has always existed. In 1969, the government of Kofi Busia expelled the Nigerians from Ghana, which was, in the early sixties, the most dynamic nation in the region and consequently a magnet for migrants.

Apparently, as soon as the national economy falters, the principles of "African hospitality and brotherhood" suffer.

Nigeria has clearly shown that the ECOWAS protocol does not mean at all that a sovereign state need open its borders indiscriminately to the nationals of other West African countries. Rather, it has demonstrated that governments can use the protocol to control, if not hamper, migratory movements in the region.

Although migratory labor has always been a common feature of West African society, very little is really known about the movements of people across national boundaries.

Last December, the Nigerian government announced that 700,000 illegal aliens were known to be living in the country. However reliable or dubious this estimate might be, the figure is surprisingly low, given a total population of roughly 100 million Nigerians.

Moreover, far more Nigerians live, as legal or illegal immigrants, in other West African countries than nationals of these countries live in Nigeria. More than 500,000 alone are in neighboring Niger, possibly as many in Ghana and about a million in Ivory Coast, a very appreciated destination for Nigerian migrants because of its relative prosperity and semiconvertible currency linked to the French franc.

To some extent, Ivory Coast, with its own sparse population of around 8 million people and at least 1.5 million people from Burkina Faso working in the country, appears today as an alternative to the Nigerian way of dealing with migratory labor and its problems.

The main motivation for the migrations in West Africa is economic, but, as the Guinean example showed, the line is often difficult to draw between political refugees and labor migrants. And a new, dramatic mass movement has started in the Sahelian zone, whence hundreds of thousands of people, driven by famine and drought, move steadily south.

Even though the ECOWAS heads of states in Lomé seem to have reached an informal agreement not to consider the victims of natural disasters as "illegal aliens," the problem makes evident that only a more cohesive common economic policy can help the community control the migratory movements in West Africa.

Howard French

The Treicheville market in Abidjan, Ivory Coast.

Organizational Overlap Slows Regional Unity

(Continued From Page 12)
with which its economic links approach the intimacy of Nigeria's ties with Benin or Niger, Ivory Coast's relatively prosperous economy employs large numbers of Africans from throughout the ECOWAS region.

In 1973, sensing Nigeria's growing petroleum-fueled economic power and increasingly active diplomacy, Ivory Coast pushed through the creation of the exclusively Francophone West African Economic Community (CEAO). Two years later, and largely due to Nigerian lobbying, ECOWAS was born.

No two economic organizations in West Africa have such similar goals as ECOWAS and CEAO, including greater economic integration, harmonization of customs codes and the use of common currency. Because of their similarities, ECOWAS and CEAO have become competitors for the loyalties of their members (all six CEAO members belong to ECOWAS).

As the brainchild of the Ivory Coast, CEAO was intended to give its relatively industrialized economy (along with that of Senegal) unrestricted access to the markets of the six member countries, which, by virtue of their 35 million inhabitants, would allow the nascent Ivorian industrial sector to achieve economies of scale. Incentives were provided for the weaker countries by the application of a "regional cooperation tax" on intraregional exports, with most of the revenues being plowed back to the nonindustrialized members.

In creating ECOWAS, Nigeria had aims very similar to those of the Ivory Coast, that is, ensuring market access for what promised to be a burgeoning national industrial sector. The price to be paid for such access turned out to be a commitment to support the free movement of people and goods throughout the ECOWAS zone.

While Ivory Coast went along "so as not to be accused of being a spoil sport," in the words of one ECOWAS official, the majority of the region's countries were truly enthusiastic about the possibility of furnishing the Nigerian industrial sector with raw materials and exporting workers to the booming oil economy, where they would do jobs that had become distasteful to Nigerians.

The two organizations coexisted in quiet competition throughout the 1970s, when economic growth was high and the Nigerian oil boom was in full steam. With the beginning of the 1980s, however, the whole region was plunged into recession and the two "economic motors," Nigeria and Ivory Coast, found themselves less and less able to carry the weight of their respective creations.

The crisis in regional economic organization broke into the open when the Nigerian government of former President Shehu Shagari ordered the expulsion of millions of "alien" Africans, mostly from ECOWAS-member Ghana, calling into question a principal tenet of the community: the free movement of peoples.

The CEAO, on the other hand, had progressed much further than its counterpart in the crucial area of trade liberalization. However, the price of this liberalization was increasing "compensation" by Ivory Coast and Senegal to their poorer neighbors. In 1980, these two governments, noting the decline in intraregional trade, decided that they would have to slow their transfer of resources to the weaker states, thus calling into question the future of the organization.

There has been an increasing awareness of the irrationality and expense of maintaining the two organizations. However, as with the money issue, neither side is willing to make the crucial concessions first. Ivory Coast, which has long enjoyed its CEAO position as a "big fish in a small pond," has qualified its commitments to ECOWAS, saying that "when it becomes more functional, we can dissolve CEAO." Critics answer than not until the CEAO countries become serious about ECOWAS can it become more functional.

—HOWARD FRENCH.

Debt Crisis Forcing Economic Rethinking

(Continued From Page 9)
and the value of the dollar. Since its first "standby agreement" with the IMF in 1983, the Ivory Coast government has frozen civil service salaries, severely restricted new hiring, reduced subsidies on basic goods and services, including electricity, gasoline, bread, sugar and rice, liquidated some unprofitable state corporations, reduced educational scholarships and introduced a tariff schedule for public health care.

This broad range of measures is most remarkable for the lack of public outcry it has provoked.

The rise in rice prices was seen as a major factor in the overthrow of civilian governments in Liberia, in 1979, and Nigeria, in 1984.

After three years of negative growth, the Ivorian government is expecting a slight recovery this year, largely due to the return of abundant rains and excellent crop results.

However, with the continent's highest per-capita debt burden, Ivory Coast cannot yet afford to jettison its austerity programs. Instead, the government is pushing ahead with a controversial World Bank-planned restructuring of its thin and fragile industrial sector.

The World Bank reforms, which one Abidjan banker described as "a highly risky experiment," involve the removal of government protection for inefficient import-substituting local industries and the introduction of a number of incentives for truly competitive export industries.

The incentives to the exporters are intended to encourage "industries with inherent [production] advantages," allowing them to compete abroad.

Critics of this plan point out that despite the proliferation of regional economic organizations, like ECOWAS and its rival, the Francophone Communauté Economique de l'Afrique de l'Ouest, there is very little economic integration in the region and the obstacles toward increased intra-regional trade are great, thus hindering progress on the export front for Ivorian industries.

The country's industrialists fear that the reforms were hastily conceived and will lead to a collapse of the nascent Ivorian industrial sector; this despite the promise of World Bank Vice President Jean-Loup Dherse that "the bank will not allow Ivory Coast to fall on its face."

A common thread that runs through the efforts of most ECOWAS states' efforts at economic reform is the rehabilitation of inefficient and unproductive capital investments.

The logic of such a strategy is imposing, as the unavailability of fresh capital obliges governments to salvage failed projects from the past. The strategies for such rehabilitation efforts have varied, though most often, governments endeavor either to sell off or lease idle or inefficient industrial plants, usually built with government aid by "parastatal" firms.

Nigeria's foreign reserves crunch, which has followed the halving of its oil export revenues since 1980 (oil provides some 90 percent of the country's export earnings), has obliged the government of Major General Muhammadu Buhari to scrap planned investments in expensive new projects, such as the transfer of the capital to centrally located Abuja, the creation of a subway system in overcrowded Lagos and the ambitious expansion of steel and petrochemical plants.

Nigeria's scarce finances will instead be devoted to the completion of a limited number of the country's estimated 613 unfinished industrial projects.

Togo, the host of this year's ECOWAS summit, is leading the way in efforts at privatization of parastatal companies.

At the end of 1984, John Moore, an American businessman, began producing steel billets at a formerly idle $44-million steel plant built in 1979 by the Togolese government. In its first year of operations under private management, the Société Togolaise de Sidérurgie is expected to turn a profit for the first time.

Togo has also leased its costly national oil refinery to Shell Oil Co. (of Togo) and is looking to sell or lease a number of its other unwieldly, but potentially profitable, state companies created during the 1970s.

Governments in Guinea, Mali, Benin and Ivory Coast have all expressed interest in resolving the problem of money-losing state firms in this way.

The largest common denominator in economic policy throughout the ECOWAS region is the renewed emphasis on agriculture.

All of the Sahelian-zone members are threatened by drought and famine and have in recent years become increasingly dependent upon international food aid. In the other countries of the region, the exorbitant cost of food imports needed to make up the difference between national production and demand has affected their economies as much as the "oil shocks" of the 1970s.

The past few years have seen the emergence of a strong consensus at the national level, as well as among international aid sources, for making better agricultural production the No. 1 priority.

In 1984, after a two-year drought through much of coastal West Africa, Ghana, Togo and Ivory Coast registered progress in boosting food production. Nigeria has resorted to the unique tactic of requiring banks to allocate a minimum of 6 percent of their loans to the agricultural sector and is refusing foreign exchange to firms which would import products that could be produced by local agriculture.

All of the ECOWAS countries are suffering from the problem of rural exodus, which hinders efforts at boosting food production. Nigeria has employed a policy of benign neglect toward would-be urban dwellers. A diplomat in Lagos said that "by doing nothing to improve prospects of employment here, people are being 'discouraged' back to the countryside."

Ghana has resettled returnees from two massive expulsions of its citizens by Nigeria to their villages, where agriculture is the only remunerative occupation available. However, most countries have remained perplexed by the problem of urban migration, not having the means to resettle them or accommodate them in the cities.

— HOWARD FRENCH

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ECONOMIC SCENE

Budget Action Called Vital To Give Dollar Soft Landing

By LEONARD SILK
New York Times Service

NEW YORK — How can a crash landing for the dollar — which might regenerate inflation, send interest rates soaring and plunge the United States and other countries into a recession — be prevented? The key to a solution, in the view of a broad consensus of economists, is for the United States to take decisive action to reduce the federal budget deficit over the next several years. This would have the effect of reducing American demand for foreign capital and freeing the Federal Reserve to pursue an easier monetary policy that would bring down interest rates.

However, financial markets in recent weeks have been filled with what one Wall Street executive calls "a sense of disgust with the politicians" over their failure to agree on a plan for reducing the deficit significantly.

A rise in net U.S. exports can happen only if other nations expand more rapidly.

"All year long, the No. 1 issue has been the deficit, and here we are in late July and nothing has been done," Scott Pardee, executive vice president of Discount Corp. of America, said.

But even if the Senate and the House of Representatives reach a compromise on a deficit-shrinking plan that President Ronald Reagan is willing to accept, the United States may not be able to correct the misalignment of the dollar without the cooperation of other countries.

EVEN IF the dollar comes down in an orderly but decisive way in the coming year — say, by 20 percent — there is a high probability that the U.S. trade deficit will continue widening for another year or year and a half because of the existence of what economists call the J-curve.

Initially, a drop in the dollar's value will increase the amount of money Americans must pay for imports and reduce what they collect for their exports. This country's net export position will reach bottom and start to rise only when the fall in the dollar has had time to change relative prices and swell the volume of net exports enough to make up for the effect of more costly foreign goods and cheaper U.S. goods.

Because the United States consumes less foreign goods and borrows less capital from abroad than its trading partners, a rise in net U.S. exports and decline in net foreign exports can take place only if other industrial countries expand their economies at a more rapid pace to create a larger market for American goods.

But if foreigners fail to grow faster, not only would the U.S. trade deficit continue to worsen but, with a resulting slump in the world economy, unemployment, already at record postwar levels in Europe, would rise, protectionism would grow throughout the industrial world and the plight of the debt-ridden Third World would worsen.

By contrast, a world economy that continues to expand as the United States corrects the overvaluation of the dollar would make possible a readjustment of trade patterns that would be relatively painless as total exports expand. The alternative of readjusting trade by shrinking world imports would be painful and disruptive.

A number of economists, including C. Fred Bergsten and Stephen Marris of the Institute for International Economics, and Robert V. Roosa, a partner of Brown Brothers Harriman, believe that monetary cooperation between the Federal Reserve and other major central banks, together with coordinated intervention in the foreign-exchange market, will be crucial to prevent an overshooting of the dollar on the downside as foreign capital takes flight and speculators move in for the kill.

Speculation against the dollar has been given an extra twist by worries about Mr. Reagan's health. This has caused some financial experts to feel that it is more important than ever for the United States to be prepared to intervene in currency markets to bar a crash landing of the dollar. Some believe the United States should have been building a strategic reserve of foreign currencies

(Continued on Page 18, Col. 1)

Ford Has 23% Fall In Profit

But Result Is Best of Big 3

The Associated Press

DETROIT — Ford Motor Co. said Friday its second-quarter earnings were 23 percent below those in the year-earlier period, but still were the best results of the three major U.S. automakers, all suffering from a down year.

Ford's net income totaled $698.7 million, or $3.75 a share, compared with $909.1 million, or $4.95 a share, a year earlier. Sales totaled $13.8 billion, down 2 percent from $14.1 billion.

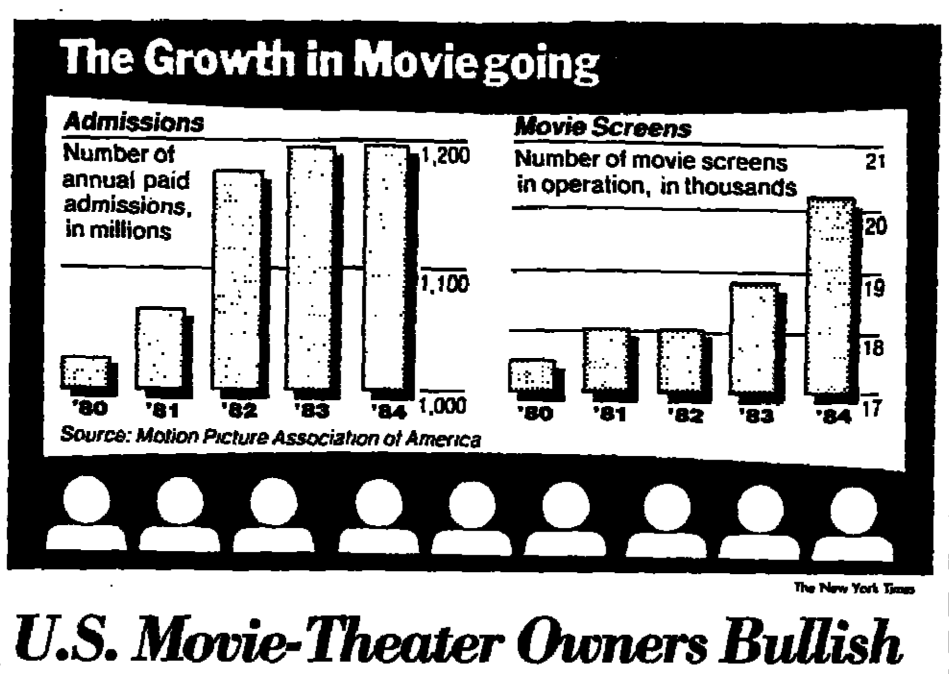
First-half earnings totaled $1.48 billion, or $7.95 a share, down 18 percent from $1.81 billion, or $9.85 a share, in the year-earlier period. Sales totaled $27.05 billion, down slightly from the $27.1 billion.

General Motors Corp. earlier reported that its second-quarter earnings were down 28 percent from the year-earlier figure, while Chrysler Corp. earnings declined 25 percent.

"I think [Ford's] mix might be better right now in terms of more Thunderbird and Mustangs and [Lincoln] Town Cars," said Joseph Phillippi, automotive analyst with the New York brokerage house, E.F. Hutton. Ford did well because "if you're selling big cars, and if the option mix is right, you're going to be doing better," he said.

He added that GM's figures showed no increase in the number of dollars earned from each car, a fact attributed by analysts to a heavier emphasis on small cars.

Donald E. Petersen, Ford chairman, and Harold A. Poling, president, said the earnings decline was accounted for by higher taxes and increased marketing and product development costs. They said improved productivity and higher earnings from Ford's finance and insurance operations partially offset the negative factors.



The New York Times

U.S. Movie-Theater Owners Bullish Despite Boom in Video, Pay TV

By Geraldine Fabrikant
New York Times Service

NEW YORK — When Manhattan moviegoers arrived at the Loews Tower East theater on Memorial Day weekend, they found the price of a ticket had jumped to $6, from $5. A comparable surprise awaited audiences at the RKO theaters on the Upper West Side.

So far, the price increase does not appear to have hurt box-office attendance, and other New York theater chains may soon follow suit. "We will look at the question by the end of the year," said Sheldon Gunzberg, chairman of the Walter Reade Organization, which owns 13 screens in New York.

The price rise in New York was just one of the signs of a general feeling of bullishness among theater owners nationally about their long-term prospects. Despite the spread of pay television and video cassette players, which many observers thought would cripple the theater business, theater owners around the United States "are building like mad," said Joseph Alterman, executive vice president of the National Association of Theater Owners.

Mr. Alterman expects the number of screens to jump to about 21,500 this year from 20,200, or about 6.5 percent. In an age of multi-screen theaters, the size of the industry is most accurately measured by the number of screens.

Some theater owners doubt that the expansion is healthy, however. They foresee problems if the movie studios cut back on film production, which is now on the increase, and there are not enough new films — or audiences — for all the theaters being built.

Nevertheless, executives at most major U.S. chains seem determined to cement their share of the market by expanding. The General Cinema Corp., for example, the largest U.S. theater circuit with more than 1,100 screens, is spending $22 million this year to build 125 new screens.

Certainly 1984 was a good year for movies, with such box-office hits as "Ghostbusters," "Gremlins," "The Karate Kid" and "Indiana Jones and the Temple of Doom." While the number of tickets sold increased by less than 1 percent, to 1.199 billion, box-office receipts rose 7 percent, to $4 billion.

So far this year, however, the studios have failed to come up with comparably strong pictures, and the number of tickets sold is down about 12 percent.

Nevertheless, exhibitors have been encouraged by the boom in film production — attributable in part to the rise of pay-TV and cassette players.

"The irony is that the new media may have hurt box-office attendance on the one hand, but on the other, it has encouraged the movie companies to produce more films, so that we have benefited from an increased supply," said Sumner Redstone, president of National Amusements Inc., which owns 325 screens.

Seven years ago, the major distributors released 121 films. Last year, they released 167, and no slowdown is yet apparent.

That has given the exhibitors more power in

(Continued on Page 18, Col. 1)

China Increases Interest Rates to Restrict Growth

Compiled by Our Staff From Dispatches

BEIJING — China announced on Friday a sharp increase in interest rates to try to restrain economic growth, which is destabilizing the economy as it opens up further to the outside.

China's central bank, the People's Bank of China, has also told local branches to cut down on loans, which have exacerbated the problem.

The bank said it would raise interest rates on most individual deposits and on loans for capital investment in urban areas beginning Aug. 1.

It is the second increase this year and reflects the rising cost of living under economic reforms aimed at giving China a market-oriented economy and dismantling the subsidy system that has kept costs artificially low.

Xinhua news agency said annual interest rates for six-month savings deposits held by individuals will rise to 6.12 percent from 5.40 percent, while 12-month savings deposits rates will rise to 7.2 percent from 6.84 percent.

Interest rates on some types of loans for fixed-asset investment by state and collective enterprises and for production equipment for rural enterprises will also rise.

One-year loan interest rates will rise to 7.92 percent from 5.04 percent; one-to-three-year loans to 8.64 percent from 5.76 percent; three to five years to 9.36 percent from 6.48 percent; five to 10 years to 10.08 percent from 7.20 percent, and minimum 10-year loans to 10.80 percent from 7.92 percent.

The Economic Daily quoted the People's Bank president, Chen Muhua, as saying the government was using interest rates and other administrative measures to curb fixed-asset investments.

"All banks must give loans only according to the state plan. Any that go outside the plan will be investigated and must bear the responsibility," she said.

The government tried to cool the overheated economy by clamping down on bank loans earlier this year, but the latest official statistics for economic growth and bank loans still show big increases in the first half of the year.

Imports in the first half soared by more than 70 percent, leading to a trade deficit of $3.16 billion, serious congestion at China's major ports and a sharp drop in foreign exchange reserves.

The government has placed tight controls on imports, especially of consumer goods, and has promised to slow economic development.

But senior officials have stressed that the basic policy of reform and opening up to the rest of the world would not change. *(Reuters, AP)*

Germany Posts Trade Deficit

Reuters

WIESBADEN, West Germany — West Germany reported a deficit on its current account of 600 million Deutsche marks ($209.8 million) in June, compared with an upward-revised surplus of 6.1 billion DM in May, the Federal Statistics Office said Friday.

In June last year, the current account, which measures trade in goods and services as well as interest, dividends and certain transfers, showed a 2.7-billion-DM deficit.

The surplus on merchandise trade narrowed to a provisional 5.5 billion DM in June from an upward revised 7.5 billion-DM surplus in May, the office said. In June 1984 the trade surplus was 1.3 billion DM.

Pessimism Surrounds Efforts by Venezuela to Attract Foreign Investment

By Tyler Bridges
Washington Post Service

CARACAS — Venezuela has launched a campaign to attract foreign investment, but business officials here are not optimistic about its chances for success.

President Jaime Lusinchi of Venezuela traveled to the United States in April to extol business opportunities here. In June, his administration issued long-awaited rules relaxing controls on foreign investment.

Mr. Lusinchi, who took office in February 1984, hopes foreign investment will return to the levels of the 1960s and 1970s, when funds were attracted here by political stability and a rapidly growing economy fueled by oil revenue.

Increased foreign investment would boost growth and diversify the oil-dependent economy. Oil provides two-thirds of government revenue, accounts for 25 percent of gross national product and brings in 90 percent of export earnings. GNP measures the total value of goods and services, including income from foreign investements.

Mr. Lusinchi's effort reverses years of government policies hostile to investment by foreigners. Venezuela had enacted a series of policies that kept out foreign investment in some industries and strictly regulated it in others.

But the government has decided, as Finance Minister Manuel Azpurua says, that "foreign investment is better than foreign debt." Venezuela has a $35-billion combined public- and private-sector foreign debt.

However, businessmen remain wary of Venezuela's new interest in luring investment.

"The foreign investment climate is at rock bottom," said R. Foster Perry, president of U.S.-based Teledyne Corp.'s Venezuelan subsidiary. "I don't see any new investment coming here."

Foreign investors blame their lack of enthusiasm on Venezuela's economic slump and the debt crisis.

Falling oil prices in the early 1980s caused confidence in the country to plummet, leading nervous investors to send billions of dollars abroad. This forced the government to devalue the nation's currency, the bolivar, in February 1983.

Economic growth has fallen sharply since 1983. Unemployment has climbed to an estimated 20 percent and living standards have fallen to 1973 levels.

Businessmen have applauded the government's pro-investment rhetoric and the thrust of the June rules changes.

They also praised Mr. Lusinchi for cutting government spending.

But businessmen say the country's dismal economic numbers make the government's efforts seem inadequate.

"The government's new stance is helpful, but the key to increased foreign investment is the expectation of higher profits," said John Pate, a Caracas lawyer.

Few are optimistic about future economic growth. Venezuela's economy will remain flat as long as the international oil market stays weak, analysts say, adding that oil prices are unlikely to rise in the next few years.

"Foreign investors' confidence in the economy is still low," said Paul Bosch, president of Paul Bosch Associates, a Caracas consulting firm.

By adhering to the price levels of the Organization of Petroleum Exporting Countries, of which it is a founding member, Venezuela has lost markets recently to competitors. Exports of heavy crude oil are 300,000 barrels a day lower today than in March, a decrease that has cost the government $600 million.

Venezuela, however, still is in better shape than its neighbors. The country has $13 billion in foreign reserves and should sign an accord this year with foreign banks to reschedule its $21-billion public-sector debt.

The pact will be the first a Latin American debtor has signed without intervention of the International Monetary Fund.

Japan Steps Up Its Investment in U.S. Business

By Peter T. Kilborn
New York Times Service

WASHINGTON — This week's announcement by Toyota Motor Corp. of Japan that it would build an automobile factory in the United States marks the development of an important new phase in the often turbulent economic relations between the two countries, according to Japanese officials and economists here.

In a little more than a year, Japan has risen to the front rank of foreign owners of U.S. industry, along with Britain, Canada, West Germany and the Netherlands. With the surge in investment, a country that has been most conspicuous, and often berated, for the goods it ships to the United States is now becoming conspicuous as well for the goods it makes in the country.

Last year, according to the Commerce Department, Japanese companies and their affiliates in the United States poured $1.7 billion into U.S. businesses in so-called direct investment, more than three times the average of $490 million annually that they had spent in the preceding five years. Direct investment includes outright ownership of factories or the ownership of 10 percent or more of a U.S. enterprise.

Japan is still third, behind Britain and Canada, in such investments made last year, but it has surpassed West Germany and the Netherlands and is climbing fast. In the first three months of this year, the department said, Japan put $600 million more into such assets. "Generally speaking," said a Japanese officer of the Bank of Tokyo, "there's more investment coming."

Japan's primary motivation, analysts say, is to seek refuge from the heat of protectionism: By running factories in the United States, Japan can insulate itself from the quotas, tariffs, surcharges and other barriers to imports from Japan that an angry Congress keeps threatening to impose.

The Japanese "have understood that in the long run, the best way to improve their situation in the United States was to invest here," said Robert D. Hormats, an economist at Goldman, Sachs & Co. and a former senior State Department official. "What we're seeing now is the result of a number of judgments made by Japanese over a number of years, starting in the mid-seventies."

Another reason for Japan's stepped-up investment in the United States is that it is the only major country with an economy nearly as healthy as Japan's — and it is a bigger one as well.

In any case, such investment is stirring far less apprehension than Japanese imports.

"They're buying access to the market, and I don't think we quarrel with it very much," said Roger Majak, staff director of the trade subcommittee of the House Foreign Affairs Committee. "We've been doing the same thing in Europe."

Although some critics worry that Japanese investors, rather than American stockholders, will reap the profits, others view the investments as a way to keep factories open and workers employed. And of course American investors can also share in the profits by buying stock in the companies that are listed on U.S. exchanges.

Despite its multibillion-dollar dimensions, Japanese direct investment is still a minuscule part of U.S. business. Last year, for example, the profits of all industry in the United States came to $263 billion, according to the Commerce Department, with Japanese companies accounting for well under 1 percent.

The automobile companies are becoming Japan's biggest investors in the United States. Honda came first, in Ohio, then Nissan, in Tennessee. They will be followed soon by Mazda, Mitsubishi and now Toyota.

But scores of other Japanese companies, many whose brands have become familier to American consumers, have also made inroads. Japanese companies now control about 350 businesses in the United States, according to the Japan Economic Institute in Washington, an agency of the Japanese government.

Hitachi, Sony and NEC make television sets and many other products in the United States. Toshiba has joined with Westinghouse in spending $100 million to rehabilitate a television tube plant near Elmira, New York. Komatsu, which exported $300 million in heavy construction equipment to the United States last year, is taking over an abandoned crane manufacturing plant in Chattanooga, Tennessee.

In just three years, Bridgestone, a Japanese company, has become a leading U.S. producer of radial tires. The Japanese have even moved into steel and textile companies, whose decline, like that of

(Continued on Page 19, Col. 8)

Currency Rates

Cross Rates *July 26*

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	3.2265	4.548	112.53 *	36.94 *	0.1688 *	—	5.584 *	138.80 *	135.14 y
Brussels(a)	58.00	81.35	20.1745	6.6145	3.02 *	17.93	—	24.707	24.27 *
Frankfurt	2.8792	4.048	—	32.835 *	1.503 x	88.88 *	4.958 *	122.40 *	1.201 *
London (b)	1.4075	—	4.034	12.2735	2,603.00	4.54	81.35	3.29	336.45
Milan	1,971.51	2,682.00	648.32	217.40	—	592.45	32.91	816.30	8.019
New York(c)	—	0.7022 =	2.825	8.68	1,893.00	3.185	57.00	2.303	237.70
Paris	8.7585	12.296	3.0446	—	4.565 x	2.7055	15.18 *	3.7302	3.665 *
Tokyo	238.95	336.92	83.38	27.41	12.48 *	74.83	414.19 *	102.11	—
Zurich	2.349	3.349	81.66 *	26.86 *	0.1222 *	72.565 *	4.052 *	—	0.9802 *
† ECU	0.7886	0.5554	2.2458	6.834	1,499.54	2.5264	45.2985	1.8329	186.955
† SDR	1.02619	0.72935	2.95461	8.98789	1,971.83	3.3218	59.519	2.4095	245.362

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (=) To buy one pound: $U.S.1.424

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	0.80	Fin. markka	5.956	Malay. ring.	2.4655	S. Kor. won	909.091
Austral. $	1.4221	Greek drac.	132.00	Mex. peso	353.00	Span. peseta	164.50
Austr. schil.	19.88	Hong Kong $	7.757	Norw. krone	8.22	Swed. krona	8.295
Belg. fin. fr.	57.30	Indian rupee	11.8765	Phil. peso	17.241	Taiwan $	40.38
Brazil cruz.	6,360.00	Indo. rupiah	1,116.00	Port. escudo	167.80	Thai baht	26.855
Canadian $	1.349	Irish £	0.9174	Saudi riyal	3.4517	Turkish lira	530.65
Danish krone	10.17	Israeli shek.	1,476.00	Sing. $	2.2048	UAE dirham	3.6728
Egypt. pound	0.7937	Kuwaiti dinar	0.3012	S. Afr. rand	2.0513	Venez. boliv.	14.15

§ Sterling: 1.2985 Irish £

Sources: Banque du Benelux (Brussels); Banco Commerciale Italiano (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits *July 26*

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 month	7 15/16-8	4 13/16-4 15/16	5 1/16-5 3/16	12 1/2-12 5/8	9 15/16-10 1/8	8 13/16-9 1/16	7 3/4
2 months	8-8 1/8	4 13/16-4 15/16	5 1/16-5 3/16	12 1/4-12 3/8	10-10 1/4	8 13/16-9 1/16	7 3/4
3 months	8 1/16-8 3/16	4 7/8-5	5 1/16-5 3/16	11 7/8-12 1/8	10 1/8-10 1/4	8 13/16-9 1/16	7 7/8
6 months	8 1/16-8 3/16	5-5 1/8	5 1/8-5 1/4	11 11/16-11 13/16	10 1/4-10 3/8	9-9 1/4	7 15/16
1 year	8 3/8-8 1/2	5 1/16-5 3/16	5 3/16-5 5/16	11 5/8-11 3/4	10 1/2-10 5/8	9-9 1/4	8 1/8

Sources: Morgan Guaranty (dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates *July 26*

	Close	Prev.
United States		
Discount Rate	7 1/2	7 1/2
Federal Funds	7 3/4	7 1/2
Prime Rate	9 1/2	9 1/2
Broker Loan Rate	8 1/2	8 1/2-8 3/4
Com Paper 30-179 days	7.70	7.62
3-month Treasury Bills	7.20	7.10
6-month Treasury Bills	7.37	7.28
CD's 30-59 days	7.35	7.35
CD's 60-89 days	7.40	7.40
West Germany		
Lombard Rate	6.00	6.00
Overnight Rate	4.88	4.90
One Month Interbank	5.20	5.20
3-month Interbank	5.20	5.20
6-month Interbank	5.30	5.30
France		
Intervention Rate	9 3/4	9 3/4
Call Money	9 11/16	9 3/4
One-month Interbank	9 11/16	9 11/16
3-month Interbank	9 3/4	9 3/4
6-month Interbank	9 11/16	9 11/16
Britain		
Bank Base Rate	12	12
Call Money	N.A.	12 3/4
91-day Treasury Bill	—	11 9/32
3-month Interbank	—	11 5/16
Japan		
Discount Rate	5	5
Call Money	6 1/4	6 1/4
60-day Interbank	6 1/2	6 1/2

Sources: Reuters, Commerzbank, Credit Lyonnais, Lloyds Bank, Bank of Tokyo.

Asian Dollar Deposits *July 26*

1 month	7 15/16 - 8
2 months	7 15/16 - 8 1/16
3 months	8 - 8 1/8
6 months	8 1/16 - 8 3/16
1 year	8 3/8 - 8 1/2

Source: Reuters.

U.S. Money Market Funds *July 26*

Merrill Lynch Ready Assets
30 day average yield: 6.98
Telerate Interest Rate Index: 7.739

Source: Merrill Lynch, AP

Gold

July 26

	A.M.	P.M.	Ch'ge
Hong Kong	319.05	318.50	— 1.20
Luxembourg	316.50	—	— 1.25
Paris (12.5 kilo)	317.06	318.89	— 1.22
Zurich	319.00	317.05	— 0.50
London	317.60	316.95	— 0.45
New York	—	321.80	+ 2.50

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices. New York Comex current contract. All prices in U.S. $ per ounce.

Source: Reuters

Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued from Page 8)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
34½	26½	PainW pf	2.25	7.5		655	30¼	29¾	30	— ½
39	28¼	PalmBc	1.20	3.4	15	126	35	35	35	— ¼
39½	20¼	PanABk	.70	1.8	12	895	39½	38¾	39⅛	— ⅜
7½	4	PanAm				5076	7⅛	6⅞	7	
3⅝	1¾	PanA wt				616	3⅛	3	3	— ⅛
21	13½	Pandck n	.20	1.1	24	27	17¾	17½	17½	
41½	31	PanhEC	2.30	6.7	11	2559	34¼	33¾	34¼	+ ¾
8	3⅛	PanlPr			34	443	7¾	7⅝	7½	— ⅛
19¾	13⅝	Paprcft	.40i		16	126	19¼	19¼	19¼	
18⅛	9⅞	Pardyn			31	1200	11⅜	10⅝	11⅜	+ ⅛
21⅛	11½	ParkE s			11	116	13⅝	13½	13⅝	+ ⅜

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
8½	6⅛	WilshrO	.10	1.6	14	27	6⅝	6¼	6⅝	+ ⅛
38⅝	27⅝	WinDix	1.74	4.6	14	277	38	37⅝	37⅝	— ⅛
20⅝	7¾	Winnbg	.20	1.7	10	365	12⅛	11¾	11⅞	+ ⅛
13⅝	5⅛	Winner			204	107	6¼	6⅛	6⅛	— ⅛
8¼	3¾	WinterJ				18	8¼	8	8	— ⅛
40½	27⅝	WiscEP	2.48	7.0	8	1417	36	34⅞	35½	— ⅜
79	59½	WisE pf	7.75	10.0		150z	77¾	77⅝	77⅝	— ¼
40⅜	25⅝	WiscPL	2.76	7.7	9	203	36⅝	35½	35⅝	—1⅛
39¾	27¼	WiscPS	2.86	7.7	9	417	38	37	37½	—1⅛
40½	27⅝	Witco	1.48	3.9	10	125	38	37½	37½	— ⅜
15¼	9½	WolvrW	.24	2.0	4	632	12⅛	11¾	12⅛	+ ⅛
23⅝	18⅝	WoodPt	.80	3.6	16	183	22¼	22⅛	22⅛	
48	33⅝	Wolwth	2.00	4.5	10	4139x	44⅝	44¼	44⅝	+ ½
4⅝	2⅜	WrldAr				2	3⅝	3⅝	3⅝	
80½	54⅛	Wrigly	1.80a	2.2	15	50	81¼	80½	81	+ ½
4⅞	2⅞	Wurlitzr				8	3	3	3	— ⅛
18	10⅝	WyleLb	.32	2.5	15	104	13¼	13	13	— ⅛
23⅝	15½	Wynns	.60	3.1	8	67	19½	19	19⅜	+ ⅜

X

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
55½	33¼	Xerox	3.00	5.6	22	1286	53½	52⅝	53⅜	+ ⅜
55	46½	Xerox pf	5.45	9.9		19	55	54⅝	55	
29	19	XTRA	.64	2.5	10	10	25⅝	25½	25⅝	+ ⅜

Z

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
30¼	24⅝	ZaleCp	1.32	4.7	10	22	28⅝	28⅛	28⅛	— ⅛
21½	9⅝	Zapata	.84	8.4	20	1330x	10⅛	9⅞	10	
57⅝	25	Zayre s	.48	1.0	16	756	50¼	49	50	
30	17½	ZenithE			12	2025	20⅝	20¼	20½	+ ¼
21⅞	15⅝	Zero s	.32	1.6	17	130	20⅝	20⅜	20⅜	— ⅛
35⅞	22¾	Zurmin	1.32	3.9	11	99	33⅝	33¼	33⅝	— ⅜

NYSE Highs-Lows

NEW HIGHS 60

AlliedCp pfD	AmBldgMnt	AmrepCp s	BemisCo
Benef 450pf	BrownGrp	CSX Cp	Chevron
Citicp ad pf	ClevEl pfL	Cluett Pea	CluetPea pf
Comdisco	Comput Sci	Datapnt wi	duPont
DuqLt 210pf	DuqLt 231pr	Echlin wi	Electrosp s
Far WestFn	FletFn adj p	GnMotr E s	GtNorNek
Hillenbrand	HomeGp pf	INCO Ltd	Ing Rand
IntHarv 57	KCSouInd	Keysint s	LIL Co pfJ
LIL Co pfK	ML Conv n	Mead Corp	Medtronic
Morgan ad pf	NatSvcInd	OccIP 14pf	OhPw 14pfA
Owens-Ill	PaPL 870pr	Pennwalt	Pennzoil
Phelps Dod	PhilPtr pf	Portec	PrimeMot s
PSNH 425pfC	QuaO 956pf	RTE Corp	RoyalDutch
Thackeray	UnCamp	UnPacCp	UCablTV s
US Steel pr	VaEP 772pf	WellsF adjpf	Wrigley

NEW LOWS 4

Infelogic n	Kyocera	Purolator	Robins AH

U.S. Futures

VALUE LINE (KCBT)
points and cents

213.20	185.75	Sep	207.00	207.30	205.90	206.20	—.90
217.05	200.00	Dec	210.50	210.80	209.85	209.80	—.95

Est. Sales Prev. Sales 5,055
Prev. Day Open Int. 11,576 off 418

NYSE COMP. INDEX (NYFE)
points and cents

118.25	91.35	Sep	111.90	112.20	111.60	111.95	—.05
117.20	101.20	Dec	113.75	114.05	113.45	113.70	—.05
118.75	109.50	Mar	115.35	115.60	115.25	115.40	—.10
120.00	116.50	Jun	117.00	117.00	117.00	117.10	—.15

Est. Sales 9,193 Prev. Sales 11,487
Prev. Day Open Int. 13,213 up 327

Commodity Indexes

	Close	Previous
Moody's	898.90 f	900.70 f
Reuters	1,694.80	1,686.90
D.J. Futures	115.20	115.13
Com. Research Bureau	N.A.	222.30

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Paris Commodities

COFFEE
French francs per 100 kg

	High	Low	Close Bid	Ask	Ch'ge
Jly	N.T.	N.T.	1,690	1,870	— 20
Sep	1,820	1,799	1,810	1,850	+ 7
Nov	1,850	1,850	1,860	1,890	— 15
Jan	N.T.	N.T.	1,860	—	— 40
Mar	N.T.	N.T.	1,900	—	— 50
May	N.T.	N.T.	1,940	—	— 15
Jly	N.T.	N.T.	1,970	—	— 10

Est. vol.: 17 lots of 5 tons. Prev. actual sales: 88 lots. Open interest: 345
Source: Bourse du Commerce.

Pan Am to Add Flights to Europe

Reuters

NEW YORK — Pan American World Airways Inc. said Friday that it would expand its European operations next summer with new daily nonstop Chicago-to-Paris and Los Angeles/San Francisco-to-Paris services and nonstop Washington-to-Madrid flights.

The airline said it was having "a banner trans-Atlantic summer season" and predicted that Americans would continue to travel to Europe in record numbers, while travel to the United States by Europeans would blossom in 1986.

Pan Am said the announcement was the second phase of its overall 1986 new trans-Atlantic schedule. Earlier this month the airline announced new 1986 summer services between Chicago and Frankfurt, New York and Milan and New York and Brussels, with additional flights between New York and Rome and Washington, and London.

A-Annual; M-Monthly; Q-Quarterly; S-Semi-Annual.
Source: UPI.

Treasury Bills

July 26

	Offer	Bid	Yield	Prev. Yield
3-month	7.22	7.20	7.45	[illegible]
6-month	7.27	7.25	7.75	7.71
One year	7.48	7.46	[illegible]	7.97

Source: Salomon Brothers

BUSINESS ROUNDUP

GM Reportedly Picks Site for Saturn Plant

The Associated Press

DETROIT — A Tennessee town with a population of about 1,100 has been selected as the site for General Motors Corp.'s Saturn complex, according to a report published Friday.

Spring Hill, Tennessee, about 30 miles (48 kilometers) south of Nashville, is GM's final choice, the Detroit Free Press reported. The paper quoted unidentified officials involved in the project who said that the site decision would not change and that it would be announced within several days.

Stan Hall, a spokesman for GM, said he could neither confirm nor deny the report.

GM said it would wait until a labor contract was approved by leaders of the United Auto Workers before announcing the site.

The UAW executive board on Friday approved a contract to cover workers at the Saturn plant. The union said the contract features job security and worker participation in union-management decision-making.

"This agreement achieves our goals," said the UAW's president, Owen Bieber.

Many states had bid furiously for the Saturn project and its 6,000 jobs. Kalamazoo, Michigan, and a site in Kentucky also had been mentioned as finalists.

GM has said it must build the plant near a community that can absorb the 25,000-person increase in population that the Saturn jobs and the jobs of supplier companies will bring.

The Saturn complex will have two foundries, a plastics plant and other parts plants to feed a mammoth assembly operation capable of eventually cranking out half a million cars a year — or double that of today's most efficient plants.

The Free Press said GM officials noted that the selection of Tennessee would underscore the automaker's commitment to competing with the Japanese auto companies, who have a $2,000 cost advantage per car over domestic car makers.

By putting its complex in Spring Hill, about 30 miles from a Nissan Motor Co. plant in Smyrna, Tennessee, GM would make a strong statement about Saturn as an import fighter, the newspaper's sources said.

General Motors will design, build and market a line of cars under the Saturn nameplate beginning in 1989 or 1990.

U.S. Unit Closes California Thrift

New York Times Service

WASHINGTON — U.S. regulators have closed another large insolvent savings and loan association, citing the institution's excessive growth in recent years through bad lending practices and direct investments in high-risk ventures.

The Bell Savings & Loan Association of San Mateo, California, with $1.7 billion in assets, was shut down Thursday by the Federal Home Loan Bank Board. The thrift institution had suffered a loss of $60 million in its latest quarter, which had effectively wiped out all of its net worth.

The bank board formed a newly chartered institution with new management to acquire Bell's assets. The new institution, which will also bear the name Bell Savings & Loan, is a mutual association without any shareholder ownership. The bank board said that no insured depositor's funds were at risk.

Australian Bank Cuts Prime

Reuters

MELBOURNE — National Australia Bank Ltd. said Friday that it will lower its prime lending rate for large corporate loans to 17.5 percent from 17.75 percent, effective Monday.

BCal Proposes New Asian Links

Reuters

HONG KONG — British Caledonian Airways Ltd. announced Friday that its subsidiary, Caledonian Far East Airways Ltd., has applied for licenses to serve a new regional network linking Hong Kong with several Asian cities.

Alastair Pugh, vice chairman of British Caledonia, said Caledonian Far East would negotiate with 10 countries about up services. The airline plans to start in late 1986 with four leased Boeing 737 aircraft. He said British Caledonian saw a need for low-frequency regional services using smaller planes.

The new network will cover six cities in China, as well as Japan, Malaysia, Brunei, Rangoon, South Korea, Katmandu, the Philippines, Indonesia and Taiwan.

Bosch Denies Report Of Talks With Indesit

Reuters

ROME — West Germany's Bosch-Siemens AG denied Friday that it was engaged in talks about a rescue of the financially troubled Indesit SpA.

A senior manager with Indesit in Turin had said that a U.S. merchant bank acting on behalf of the Italian appliance manufacturer was in touch with Bosch-Siemens. But later in Munich, Bosch-Siemens denied that it was considering such a move and said it was not holding any talks with Indesit.

Earlier the Indesit manager said that the Italian company was hoping to avoid receivership through the talks with Bosch-Siemens. He said he thought it was likely that Indesit would soon have to go into some kind of receivership to enable it to restructure its business.

In 1984, Indesit posted a loss of 106 billion lire ($55 million at current rates), the nearly one-third of its 1984 sales of 320 billion lire.

The company, currently working at a third of its capacity, is not the first domestic appliance maker in Italy to suffer from the effects of chronic overcapacity.

Last year, Italy's largest home appliance maker, Zanussi, avoided receivership when it was taken over by Electrolux of Sweden.

Under Italian law, the courts have the authority, at the request of a company, to appoint commissioners to run their affairs for up to two years to allow recovery plans to be put into effect.

The manager said Indesit, which has 7,500 employees, although more than two-thirds of them are permanently laid off under a government-subsidized arrangement, was planning to cut back its work force and reduce capacity. Indesit hopes eventually to be able to produce 900,000 units with a work force of 1,400, he said.

COMPANY NOTES

Apple Computer Inc.'s co-founder and chairman, Steven Jobs, will have no role in the operations of the personal computer company, its president, John Sculley, told a group of securities analysts in Palo Alto, California.

Bond Corp. Holdings Ltd. of Brisbane, Australia, said it now holds 17.55 percent of the 146.5 million issued shares of its takeover target, the brewer Castlemaine Tooheys Ltd., after on-market purchases this week at prices up to 7.70 Australian dollars ($5.8).

Cable & Wireless PLC made as good a start to the 1985-86 financial year as in either of the two previous years, when the company reported record results, its chairman, Eric Sharp told the annual meeting in London.

Debenhams PLC, rejecting a bid from Burton Group PLC, said in the first 20 weeks of its current financial year ending in February 1986 retailing profits were ahead both of budget and the same period last year. House of Fraser PLC said it increased its stake in Debenhams to 13.4 percent, from 12.8 percent.

Ford Motor Co. in Detroit said a strike by members of the Teamsters union against vehicle-hauling companies had virtually halted delivery of new cars and trucks to its U.S. dealers.

Guinness PLC said in London it was extending the period of its offer for Arthur Bell & Sons PLC to Aug. 6, after receiving acceptances of its offer, amounting to 5.22 percent of Bell's ordinary share capital.

Marriott Corp. has resumed discussions aimed at a possible joint acquisition, with Prime Motor Inns Inc., a New Jersey motel chain, of the Howard Johnson motel and restaurant chain from Imperial Group of London.

Marathon Petroleum Co. of Findlay, Ohio, and the U.S. Department of Energy have settled a dispute concerning the oil company's alleged overcharges of $30.8 million to customers during the period of federal price controls.

Broken Hill Increases Net by 20%

Reuters

MELBOURNE — Broken Hill Proprietary Co. said Friday that net earnings rose 20 percent to $752.6 million Australian dollars ($526.3 million) in the year ended May 31, from 622.2 million dollars a year earlier.

The profit was above the figure most analysts had forecast. Most predictions were in the 720-million-dollar to 740-million-dollar range.

BHP's petroleum division posted a net profit of 484.73 million dollars, up 13 percent from 426.38 million dollars a year earlier. This was the result mainly of higher crude oil sales volumes made possible by record production levels, the company said.

BHP's Utah division earned 140.5 million dollars in its first full year. It earned 9.9 million dollars in the final two months of the previous year after the formal acquisition of Utah International Inc. from General Electric Co. on April 1, 1984.

Utah gained significant benefits from price rises for its U.S.-dollar denominated export sales of Queensland coal and higher shipments, BHP said.

The steel division lifted net earnings by 33 percent to 128.79 million dollars from 96.6 million because of cost cuts, improved productivity and increased export margins.

Corporate items and investments showed an 87.2-million-dollar deficit against a 7.08-million-dollar deficit the previous year. The major influence on this item was the increase in net interest expense after the acquisition of Utah and other concerns.

Additionally, the amount of interest capitalized was lower due to the completion of major construction projects.

Nestlé Reports 52% Rise in Sales

Reuters

VEVEY, Switzerland — Nestlé SA reported Friday that group sales rose 52 percent in the first half of 1985 to 22.4 billion Swiss francs ($9.5 billion).

The company said two-thirds of the growth was accounted for by the acquisition of Carnation Co. Nestlé said that most subsidiaries outside the United States had already been merged into Nestlé companies. In the United States, Carnation continues to operate as an independent company.

Currency rates worked in favor of sales in the first half.

CURRENCY MARKETS

Dollar Plunges in New York Trading

Compiled by Our Staff From Dispatches

NEW YORK — The dollar plummeted Friday to its lowest level in New York since November, and some dealers said they saw little on the horizon to prevent additional selling next week.

The dollar was higher in Europe against most major currencies amid speculation that a further realignment of the European Monetary System might soon be necessary.

In New York trading, the pound strengthened to $1.424, from $1.4095 at Thursday's close. The dollar fell to 8.6 French francs, from 8.735 Thursday, and to 2.825 Deutsche marks, from 2.872.

The dollar hit 2.885 DM after a large buy order around noon.

"Then suddenly there were several commercial sell orders, the IMM [Chicago's currency futures market] slammed it and it never stopped," a New York dealer said.

"There were rumors throughout the day of an impending devaluation of the Spanish peseta and perhaps the French franc, although no one believes the French will do so," the dealer said.

But Earl Johnson, vice president at Chicago's Harris Bank, said. "There was no particular news that would have triggered the selling. It just gathered momentum as it went through chart points."

Mr. Johnson said the market was waiting to see whether the U.S. economy shows continued signs of strength in the third quarter. Noting that there are no major economic reports next week, he said. "We don't have much to trade on, and in the absence of any positive developments the dollar could test the 2.80-mark level next week."

In Europe, the pound ended at $1.4075 in London, a drop from $1.4105 Thursday. The dollar was traded at 8.7585 French francs in Paris, up from 8.7105, and at 2.8792 DM in Frankfurt, up from 2.8645.

Traders said they were worried that they could be caught off guard again after events last Friday and Saturday when the lira plunged almost 20 percent against the dollar and EMS exchange rates were adjusted for the first time in more than two years.

Pressure on European currencies was triggered by market talk that the Bank of Spain was planning moves to let the peseta depreciate against the dollar. That quickly had an impact on the Portuguese escudo and the Greek drachma.

But the real focal points for concern on the foreign exchanges were the Belgian franc, with a general election due in October, and the French franc, after press reports in France this week of possible early legislative elections.

A major adjustment to EMS currency rates is seen as inevitable by most financial analysts as inflation in France has been running at more than twice West Germany's rate since the last comprehensive realignment in March 1983.

The gap between the strongest and weakest currencies in the EMS exchange-rate mechanism was stretched close to its maximum permitted 2.25 percent.

The Belgian franc closed lower at 4.958 DM per 100, compared with Thursday's finish of 4.969. The French franc was quoted at 32.835 DM per 100, down from 32.905.

(UPI, Reuters)

EUROMARKETS

Bonds Issued In Australian Dollars Star

Reuters

LONDON — The Australian-dollar sector dominated Eurobond market activity Friday as a record 325 million Australian dollars in new bonds was launched, causing secondary-market prices in this sector to fall as much as one point during the day, dealers said.

The rush to the Australian-dollar sector underscored the popularity of bonds denominated outside the U.S. dollar, because of uncertainty over the outlook for the U.S. dollar.

The uncertainty about the dollar, coupled with concern about the U.S. Treasury's upcoming refunding, left the dollar-straight sector devoid of any new issues this week.

Dealers said that with the dollar-straight and floating-rate-note sectors still weak on faded hopes of a U.S. discount-rate reduction, the market can expect to see further issues in the non-U.S.-currency sectors.

Among issues in the Euromarkets Friday:

Royal Insurance PLC made its debut in the international capital markets with a £60-million Eurobond paying 10¾ percent over seven years and priced at par, the sole lead manager, Baring Brothers & Co., said.

The noncallable bond is available in denominations of £5,000 and will be listed in London. The payment date is Aug. 15. The selling concession is 1¼ percent while management pays ¼ percent and underwriting ⅜ percent.

***

Chrysler Finance Corp. issued 75 million European currency units of 9 percent Eurobonds due Nov. 23, 1992 with open pricing, the lead manager, Banque Paribas Capital Markets, said.

The noncallable bonds will be priced at no less than par and at no more than 100¼.

Fees total 1⅞ percent, with a 1¼-percent selling concession, ¼ percent for management fees and ⅜ percent for underwriting fees.

***

New Zealand Forest Products Finance NV issued 50 million Australian dollars of 13¼ percent Eurobonds due Sept. 1, 1992, and priced at 100⅝, the lead manager, Hambros Bank Ltd., said.

Fees total 2 percent, with a 1⅜-percent selling concession and combined management and underwriting fees of ⅝ percent.

Floating-Rate Notes

July 26

Dollar

Issuer/Mat.	Coupon	Next	Bid	Askd
Allied Irish 95	7¾	10-12	99.76	99.86
Allied Irish 92	9¼	17-10	100.17	100.27
Allied Irish 87	8¼	08-01	99.95	100.05
Allied Irish Perp	8¾	20-11	95.87	96.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gt Western 92/95	7¾	06-09	97.90	98.06
Grindlays 92	10¾	30-09	100.25	100.45
Grindlays 94	8¾	01-08	100.15	100.25
Gt Western 89/94	10¾	23-09	99.50	99.60
Hill Samuel 96	10¾	27-08	99.75	100.00
Hill Samuel Perp	8¾	29-11	94.50	96.50
Hispano 91/95	9¼	24-10	99.61	99.71
Hong Kong Perp		14-02	99.73	99.83
Hydro Quebec 02	7¾	19-01	99.20	99.28
Hydro Quebec 94			100.08	100.10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Non Dollar

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Credit Suisse-First Boston Ltd., London

Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Australia

Broken Hill Pty

Year	1984	1983
Revenue	7,100.	5,300.
Profits	752.59	622.24
Per Share	0.73	0.68

[illegible]

ADVERTISEMENT INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

26 July 1985

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following marginal symbols indicate frequency of quotations supplied for the IHT: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (i) - irregularly.

AL MAL MANAGEMENT	
(w) Al-Mal Trust, S.A.	$ 167.40
BANK JULIUS BAER & CO. Ltd.	
—(d) Baerbond	SF 919.75
—(d) Conbar	SF 1219.00
—(d) Equibaer America	$ 1210.00
—(d) Equibaer Europe	SF 1240.00
—(d) Equibaer Pacific	SF 1193.00
—(d) Grobar	SF 1022.00
—(d) Stockbar	SF 1595.00
BANQUE INDOSUEZ	
—(d) Asian Growth Fund	$ 10.87
—(w) Diverbond	SF 84.35
—(w) FIF—America	$ 18.61
—(w) FIF—Europe	$ 12.80
—(w) FIF—Pacific	$ 17.23
—(d) Indosuez Multibonds A	$ 98.06
—(d) Indosuez Multibonds B	$ 161.46
—(d) Indosuez USD (M.M.F)	$ 1015.71
LLOYDS BANK INTL. POB 438, Geneva 11	
—+(w) Lloyds Int'l Dollar	$ 115.20
—+(w) Lloyds Int'l Europe	SF 116.80
—+(w) Lloyds Int'l Growth	SF 179.90
—+(w) Lloyds Int'l Income	SF 319.50
—+(w) Lloyds Int'l N. America	$ 108.00
—+(w) Lloyds Int'l Pacific	SF 727.90
—+(w) Lloyds Int'l. Smaller Cos.	$15.14
NIMARBEN	
—(d) Class A	$ 97.83
—(w) Class B - U.S.	$ 102.29
—(w) Class C - Japan	$ 84.88
OBLIFLEX LIMITED	
—(w) Multicurrency	$ 11.07
—(w) Dollar Medium Term	$ 10.78
—(w) Dollar Long Term	$ 10.89
—(w) Japanese Yen	$ 11.15
—(w) Pound Sterling	£ 10.73
—(w) Deutsche Mark	DM 10.56
—(w) Dutch Florin	FL 10.42
—(w) Swiss Franc	SF 9.96
[illegible]	[illegible]

U.S. Movie-Theater Owners in Optimistic Mood

(Continued from Page 15)

negotiating contracts with movie distributors to play films. When there were fewer movies, as was the case in the mid-1970s, exhibitors had to bid aggressively for the right to play them.

Now, with an expanded supply, only a few films still command large guarantees — a fixed sum that theater owners must pay distributors in advance for the right to play films expected to be highly desirable. If a film fails, a theater owner can lose at least a portion of his guarantee.

"There were years when you felt you had to have a picture like 'The Empire Strikes Back,' because there was nothing else," said Laurence Gleason, president of Mann Theaters in Los Angeles. "Now if you don't get the Bond films, you can play 'Rambo' or 'Cocoon.' There are more films perceived as big pictures."

Nor are exhibitors forced to continue playing poor films because they lack alternatives; now they can turn over films more quickly in the hope of coming up with a profitable hit.

"We are into a mini-glut," said Richard Fox, president of Fox Theaters, which owns 77 screens. "You always have another picture to turn to. We played 'Perfect' for three weeks. Three years ago we would have had to hold onto it longer." "Perfect," a drama about a California health club starring John Travolta and Jamie Lee Curtis, has done poorly at the box office.

The New York Times

Moviegoers at Loews 84th Street theater in Manhattan.

The reduction in expenses related to showing films has been a major factor in the earnings performance of the major chains. For example, operating profits at General Cinema's film division rose about 6 percent to $37.6 million last year, from $35.5 million, despite a slight decline in revenue.

Theater owners contend that if they build large, technically sophisticated theaters, which make moviegoing a dramatically different experience from home viewing, audiences will respond.

"We are building better theaters, no more bowling alleys," Mr. Fox said, referring to an earlier trend to chop up large, older theaters into a so-called multiplex of small theaters with 200 to 250 seats each. Today multiplexes are still the rage, but and the individual theaters house more than 300 seats each.

National Amusements, for example, built a 10-screen multiplex in Commack, on Long Island, last year at which no theater seated fewer than 350 people.

"For the theater owner," Mr. Redstone said, "the sophisticated multiplex eliminates the possibility of missing a major film. And it becomes an entertainment center to which audiences come back." He added: "We have found that the greater the number of screens at a multiplex, the larger the per-screen gross. A hit does well anywhere, but the middle-range pictures benefit, too."

Despite the enthusiasm voiced, so far 1985 has not fulfilled exhibitors' hopes. They generally attribute the soft business to an absence of movie blockbusters. But they remain optimistic because a rash of films are scheduled to open between now and Labor Day.

Last summer, the studios, worried that the Olympics would lure audiences away from theaters, rushed to open all their films early.

"You could have closed the summer off after July 1 last year," said Joel Resnick, chairman of AMC Entertainment Inc., a national theater chain. "This year, I'm not going to cry and weep. This could be a very healthy summer."

But some see longer-range problems, saying that overbuilding will come to haunt the industry.

"The reason that everybody is building is a combination of unbridled ego, a piratical desire for power and a shortage of common sense," Mr. Redstone said. "In the Sun Belt, they are building across the street from each other. The construction of theaters in some areas strains the limits of common sense and credulity."

The increasing supply of theaters, together with the proliferation of VCRs and pay-TV, have made it tougher for theater owners to raise ticket prices enough to keep pace with inflation.

New York prices may be among the highest in the United States, but the 20-percent increase at certain theaters here is the first in about five years. And on a percentage basis, New York is playing catch-up with the rest of the country, where the price of an average ticket has risen 25 percent, to $3.36, since 1980.

Few theater owners are forecasting further dramatic price increases for the near future. "We want to maintain the perception that this is a cheap form of entertainment," Mr. Resnick of AMC said.

Action Urged On the Dollar

(Continued from Page 15)

to protect the nation's economic security while the dollar was closer to its peak.

It looks increasingly important for the United States, if possible with the cooperation of its partners, to take fiscal and monetary actions that would stabilize the dollar at a level consistent with elimination of its balance-of-payments deficit on current account. That equilibrium value is a moving target, affected not only by inflation, interest rate differentials and other factors but also, as Lawrence B. Krause of the Brookings Institution notes, by the accumulated net change in the nation's foreign assets and debts. The longer the United States delays correcting its trade position, the bigger its foreign debts will grow.

It will make all the difference in the world how the dollar moves down against the yen.

Latins Rejecting Debt Repudiation

(Continued from Page 1)

cannot pay for essential imports. Peru's debt is also in arrears. Democratically elected governments, such as that of Argentina's Raúl Alfonsín, are resisting heavy pressure to break with their creditors.

There is a strong sense among Latin American political and economic leaders that high interest rates and tough repayment terms make the debt, owed primarily to private international banks, a major obstacle to economic recovery.

Breaking with the creditors, though, would mean losing access to the Western international financial system, which provides credit and commercial financing necessary to maintain most foreign trade. That means the debt cannot be written off as just a problem of the past; it would remain a problem of the future.

Mr. Castro has put much of the available data on the cost of the debt service, interest rates and trade flows into a personal computer in his offices in Havana. Visiting politicians, union leaders and journalists are shown the printout, with the pronouncement that the Latin American debt "can never be paid."

The Cuban leader is to be host at a meeting Tuesday in Havana on his debt-repudiation proposal. However, virtually no one who has responsibility for debt decisions in Latin America is attending, and it apparently will be a low-level debating exercise.

President Belisario Betancur of Colombia, who has been in frequent contact with Mr. Castro over Central American issues, declined an invitation to send an official representative to the Havana meeting. So did former President Alfonso López Michelsen, of the Colombian Liberal Party, which is in opposition to Mr. Betancur.

This is not the first time that Mr. Castro has adopted the pose of speaking for Latin America.

In 1959, three months after overthrowing the regime of Fulgencio Batista, Mr. Castro traveled to a regional economic conference in Buenos Aires and demanded $20 billion in U.S. aid to Latin America. The Eisenhower administration rejected that proposal as anti-American grandstanding.

Two years later, President John F. Kennedy started the Alliance for Progress, pledging $10 billion to Latin American over a decade.

In the past 20 years, though, Cuba has been relatively isolated from Latin America, first by a U.S.-sponsored political and economic embargo, and then by Cuba's integration into the Soviet bloc economic system.

Cuba depends on Moscow for its oil and sells most of its export crops, mainly sugar, to the Soviet bloc. It gets industrial supplies from Canada, Britain, France and Spain, and occasionally has sought them in Argentina, but has been limited by a lack of foreign exchange.

Friday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX Highs-Lows

NEW HIGHS

NEW LOWS

Papua Ready To Sign Pact on Ok Tedi Mine

Reuters

SYDNEY — The three foreign partners in the Ok Tedi gold and copper project in Papua New Guinea will sign a full agreement on the mine's future development by the end of the month, Roy Shipes, general manager for Ok Tedi Mining Ltd., said Friday.

The partners are the Papua New Guinea government, with 20 percent, Broken Hill Pty. 30 percent, Standard Oil of Indiana 30 percent, Metallgesellschaft AG and Degussa AG 7.5 percent each and the West German Development Co. 5 percent.

The first stage gold mine was shut down in February in a dispute over copper production at the site, but in March, the government allowed the U.S., West German and Australian partners to continue operating for four months pending a new agreement.

Official sources in Port Moresby confirmed that the agreement would be signed by Aug. 1.

Swedish Shipping in the Doldrums

Consafe's Financial Crisis Seen as Part of Downward Trend

Reuters

STOCKHOLM — The financial crisis facing Consafe AB, the Swedish company specializing in offshore housing and special-services platforms, has accentuated the bad state of the country's shipping industry.

Since the mid-1970s, the industry has been beset by high costs and overseas competition. Sweden's share of the world shipbuilding market has fallen to 2 percent from 10 percent in the past decade, while its merchant fleet has dropped to four million deadweight tons from 13 million during the period.

Since the mid-1970s, Sweden has closed three shipyards and laid off thousands of workers. Companies hope to keep the remaining ones in business by building offshore platforms.

Severe competition from fleets flying flags of convenience also has caused a sharp fall in operating Swedish cargo vessels.

Consafe, battling against an overcapacity for offshore oil rigs, had a further setback last week when efforts to shore up the company's finances. Creditors refused to step in with more cash.

Kjell-Olof Feldt, Sweden's finance minister, agreed that the problems facing Consafe illustrate the crisis in Swedish shipping. "The Consafe case shows how markets in the oil and shipping sectors can sometimes collapse overnight," he said.

In a bid to counter foreign competition, Swedish shipowners have shed costly crude carriers and invested in smaller, more sophisticated vessels for specialist uses.

But now even the markets for specialized sectors, such as refrigerator ships and chemical carriers, have been plagued by overcapacity. The once-booming offshore business has also turned sour.

In 1984, the world's largest operator of refrigerator ships, Saleninvest, filed for bankruptcy after its creditors refused financial aid.

Official statistics show Sweden's merchant fleet was the 28th largest in the world last year, trailing countries like Romania and Kuwait and down from a 10th ranking nine years ago.

"We have never seen such a sharp and prolonged downturn in the shipping business," Erik Nordstrom, the deputy director of the Swedish Shipowners' Association, said.

He said the bankruptcy of Saleninvest had led to a significant decline in Swedish freight earnings in the first half of this year, but he gave no figures.

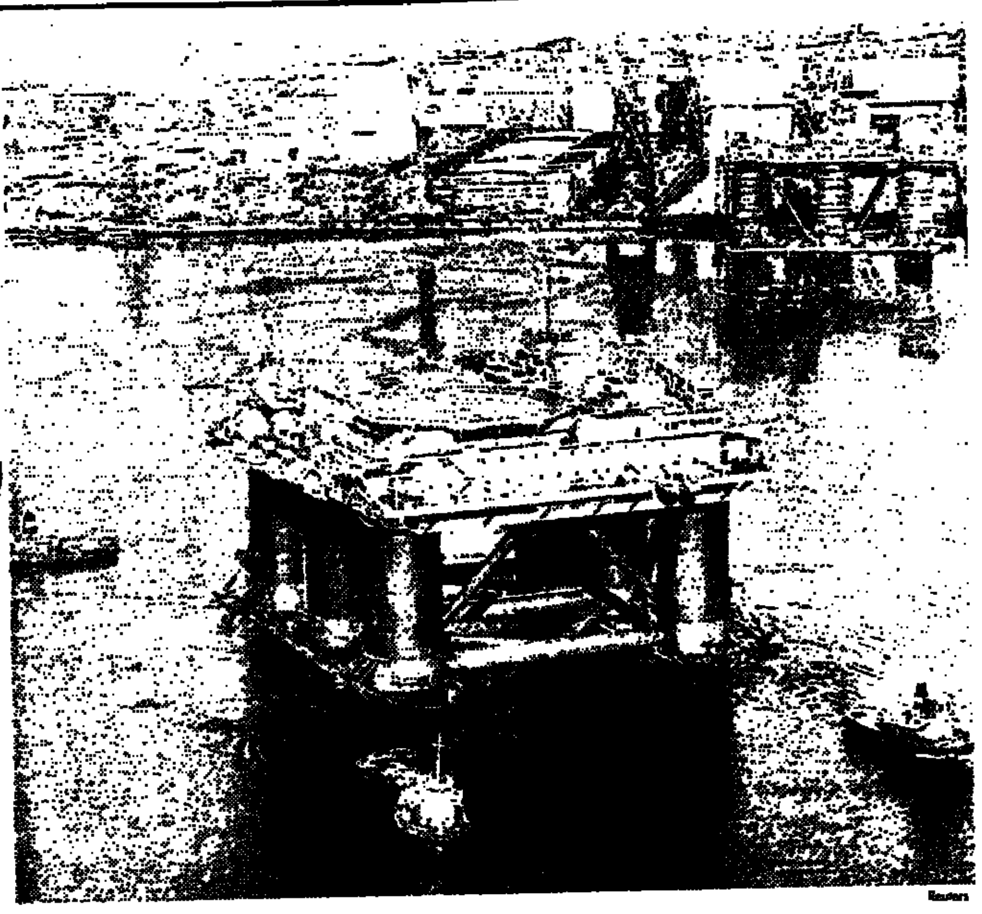
Since 1983 the state has operated its own shipping line, Zenit, for unsold vessels built in Swedish yards. Opposition parties have strongly criticized the scheme, estimated to have cost taxpayers some $60 million.

The Wallenius Line, which carries new vehicles on long-term contract from car exporters, is the only Swedish company that turns a good profit in ocean-going shipping.

Instead, most of the industry relies for profits on selling tax-free liquor on board the big car ferries shuttling between Sweden and Finland and the Continent.

In an effort to make Swedish ships more competitive, parliament this spring reduced the payroll taxes for seamen. In addition, unions have agreed to have registration of ships changed to flag-of-convenience countries.

But shipowners say further union concessions were needed and that companies must rationalize if Swedish merchant shipping is to stay afloat.



Reuters

An oil rig made by Consafe is towed out to sea from Stockhom.

Japan Raises Stakes in U.S. Business

(Continued from Page 15)

American television, is often traced to Japanese imports.

The Japanese, for example, have bought large positions in two big steel companies — a 50-percent interest in National Steel and 10 percent in Wheeling-Pittsburgh. Wheeling-Pittsburgh, which is currently strikebound and seeking protection under the bankruptcy laws, could prove a tough test of Japan's vaunted management skills.

To a large extent, growth of Japanese investment in the United States represents the bountiful revenues that Japan amasses from exports, including the $37-billion trade surplus with the United States that the Japanese recorded last year.

Much of the investment has poured into the bills and bonds that the U.S. Treasury issues to finance budget deficits.

Most of such "portfolio" investment helps keep the dollar strong and interest rates from climbing higher, but it is volatile. Foreigners could sell the investments the moment that their appeal falls short of the return investors can get in other countries, and widespread selling could cause the dollar to plunge.

However, a rapidly growing share — currently about 25 percent — of the Japanese money is in the direct, brick-and-mortar investment, which is much less volatile.

Economists, in fact, predict that further erosion of American interest rates, and hence of the value of the dollar, is likely to foster even more direct investment because a cheaper dollar would lower the cost of building and buying American companies.

"You would see an acceleration of direct investment," said Kiyohiko Fukushima, chief economist here for the Nomura Research Institute, a part of Japan's large Nomura investment firm. Besides, Mr. Fukushima added, "when corporations make an investment they have already written off exchange rate risks. They're looking five, 10 years ahead."

Foreign Debt Foils Seoul's Efforts to Boost Flagging Economy

By Moon Ihlwan

Reuters

SEOUL — South Korea is caught in the dilemma of how to reduce its huge foreign debt while introducing some reflationary measures to bolster an economy hit by falling exports and investments, government officials and economists say.

Deputy Prime Minister Shin Byong Hyun ruled out any increase in economic growth that would worsen the balance of payments position, and the government has already revised its 1985 gross national product growth forecast to between 6 and 7 percent from an original 7.5 percent, compared with 7.6 percent in 1984.

Earlier this month, the government responded to requests for help from businessmen when it increased export-financing loans, created new credit guarantees for small and medium-size industries and offered more than 600 billion won ($684 million) to exporters willing to invest in plant facilities.

Kim Manh Je, the finance minister, said the government would also speed the downward adjustment of the won in the second half of the year. The won was fixed Thursday at 877 to the dollar, equal to a 5.55-percent drop in value this year.

But, after recent poor indicators, the government refused to fuel growth by domestic spending, as it has in the past.

Mr. Shin said such measures will cause inflation, send the current account deeper into deficit and increase foreign borrowing, which totaled $44.3 billion at the end of April, the fourth-largest national debt worldwide.

The government estimates that GNP, South Korea's total output of goods and services, grew 4 to 5 percent in the first half of 1985, less than half the 10.6 percent in the first half of 1984. Bank of Korea officials said poor exports, falling overseas construction receipts and increased debt payments took the first half current account deficit to $963 million, surpassing the government target of $500 million to $700 million for the whole year, and against 1984's $1.4-billion deficit.

The first-half decline in exports of 4 percent to $13.3 billion over the same 1984 period is largely responsible for the downward revision in GNP, government officials said.

Trade Minister Kum Jin Ho has said it will be difficult to achieve a 1985 export target of $33 billion against $29.25 billion last year, but he predicted a turnaround in exports in the second half, when world trade is expected to pick up.

However, Choi Kwan Sik, president of Samsung Shipbuilding and Heavy Industry Co., said more drastic measures, such as lower bank rates and tax benefits, were needed to encourage exporters to improve international competitiveness.

Businessmen say that with interest rates at 10 to 13.5 percent, not many will make investments, while Mr. Choi noted there was only a 4-percent increase in new investment in the first six months compared with a forecast 8 to 10 percent.

Lee Chou Bom, president of Sangyong Corp., said that if the government thinks exports are vital, it should have done something three or four months ago.

Koo Suk Mo, vice president of the Korean economic research institute, said: "The government should not be obsessed with its targets and become more flexible." He said it was "paying the price" for its rigid price-stabilization policy.

Economic planning officials, however, said they were committed to holding down inflation to promote long-term household saving as a way of reducing foreign debt. They said the wholesale price index rise this year would be kept at 1 to 2 percent and the consumer index between 2 and 3 percent, as against 1.5 percent and 2.5 percent, respectively, last year.

Suh Sang Mok, vice president of the official Korea Development Institute, said the government had no option but to accept lower growth to maintain credit-worthiness.

Bank of America to Greatly Reduce Its Operations in Latin America

Los Angeles Times Service

LOS ANGELES — Bank of America has announced that it will substantially reduce its operations in Latin America as part of global retrenchment.

In a statement released Thursday, it stressed that it was not pulling out of the region, although it plans to close 10 to 15 of its 34 Latin American offices. It also owns an Argentine subsidiary bank, Bank of America SA, with 65 branches.

The move is part of a larger strategy to trim unprofitable operations from the bank's world banking division. The region covering Latin America and the Caribbean has been Bank of America's least profitable for several years.

After the 10 to 15 offices are pared from the bank's Latin operations, Bank of America will have only about half as many total units in the region as it had at its peak in 1981.

Worldwide, the bank has closed 76 offices and sold interests in 30 affiliates during a three-year restructuring.

BankAmerica, the bank's parent company, last week reported a second-quarter loss of $338 million, the second-largest quarterly loss in U.S. banking history.

Bank of America has been one of the chief U.S. lenders to Latin America and thus was hit hard when loans to such nations as Brazil, Bolivia, Mexico and Nicaragua went sour.

Friday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
A									
19	11	ADC Tl			123	18⅝	18	18¼	+¼
23⅝	12¾	AFG			63	20½	20¼	20½	+¼
25	10½	ASK			167	13¾	13¼	13¼	—⅜
12⅝	5¾	AcadIn	.20	3.2	569	6½	6¼	6¼	—⅛
11½	8½	Acelrtn			38	9½	9¼	9½	+⅛
28	14⅝	AcuRay	.40	1.5	208	27⅝	27	27¼	—⅛
7⅛	2⅛	AdacLb			116	2¼	2⅛	2¼	+⅛
12⅝	6⅛	Adage			416	7	6⅝	6⅞	+¼
11⅛	5	AdvCir			201	11⅛	11	11⅛	
5⅛	2⅝	Aequtrn			13	4½	4⅝	4½	
17⅝	13½	AffBsh	.80	4.8	923	16⅞	16⅝	16¾	+⅛
35¾	17	AgcyRt			180	34⅝	34½	34½	—½
14⅛	9¾	AirMd	.10e	.8	587	12½	12¼	12⅛	—⅛

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
56½	30¾	CenBcp	2.05b	3.8	123	55¾	53¼	53¼	—2⅛
36¾	21	CnBshS	1.52	4.2	2	36	36	36	
31⅛	13¾	CFdBk s	.84	2.8	27	29⅞	29¾	29⅞	—⅛
44¼	21¾	Centran	.80	1.9	32	42¾	42⅝	42¾	+⅛
8⅝	1⅝	Cermtk			83	3½	3⅜	3½	+⅛
13¾	8⅝	Cetus			326	13⅛	12⅞	13	
6⅝	3½	ChapEn			102	4⅛	4	4⅛	+⅛
21½	12⅞	ChrmS s	.20	1.0	655	21½	21	21	—½
21½	10	ChkPnt			111	21¼	20¾	21¼	+¼
11	5⅝	ChkTch			93	10⅛	10	10	—¼
31¾	21	ChLwn	.38	1.8	48	21½	21	21	—½
7¾	2¾	Chemex			48	5½	5⅜	5½	

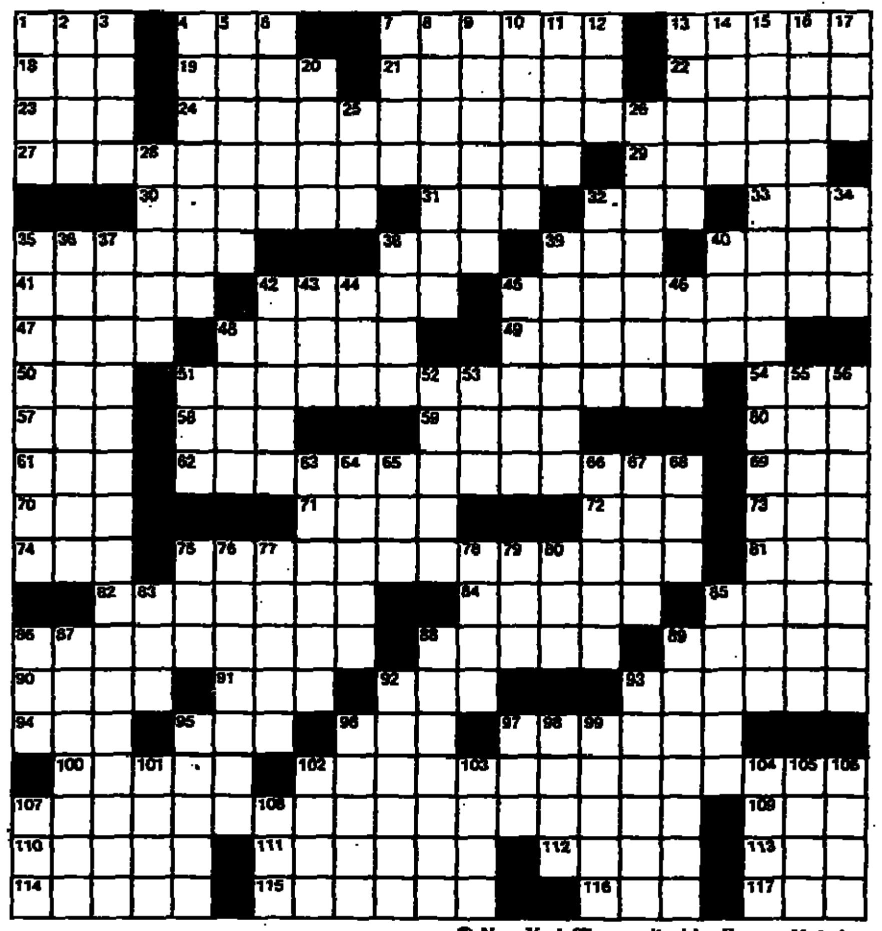
12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
46⅝	26⅝	EricTl	.85e	2.9	43	29⅞	29¾	29¾	—⅛
24½	11	EvnSut			302	15⅛	15	15⅛	
16⅛	2½	Exovir			36	8	7¾	8	
F									
11¾	5¾	FDP			219	8⅝	8½	8⅝	+⅛
9⅛	5	FMI			694	9	8⅞	9	+⅛
22½	14⅝	FormF			5	15⅝	15⅝	15⅝	—¼
68⅝	34¼	FrmG	1.76	2.8	237	63½	62⅝	63⅛	+⅛
23½	12	FedGo s			367	18	17½	17¾	+¼
8¾	4⅝	Feroflu			102	5⅝	5½	5⅝	+⅛
14⅝	7	Fibron s			1307	14	13⅝	13⅞	+⅛

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
K									
24½	11½	KLA s			443	21¼	20¾	21	+⅛
9	4¼	KV Phr			58	6¾	6⅝	6¾	+¼
33	19¾	Kaman	.56	1.8	465	31¼	30¾	31	—¼
30⅝	13½	Karchr			323	17	16¼	16¼	—½
17¼	11¼	Kasler	.50r	3.3	25	15⅝	14¾	15	—⅝
10⅝	6¼	Kaydon			82	9⅝	9	9	—⅛
61¼	29⅝	Kemp	1.80	3.2	562	56	55½	55⅝	
41⅝	18¾	KyCnLf	.90	2.3	59	40	39⅝	39⅝	

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
23⅝	9½	OneBcp	.26e	1.2	294	21¾	21⅝	21⅝	+⅛
10	3¾	OnLine			17	8	7¾	7¾	
23½	13½	OpticC			183	15½	15⅜	15½	
48¾	22½	OpticR			414	39½	39¼	39½	
19¼	10½	Orbanc			17	14⅝	14¾	14¾	
8⅛	5⅝	Orbit			79	7¾	7⅝	7¾	
7	3¾	OrtaCp			20	4½	4⅜	4½	—⅛
21¼	14	Oshmn	.20	1.3	87	17	15¾	15¾	—2
34⅝	24½	OttrTP	2.76	9.2	82	30¼	30	30⅛	+⅛
34½	17	OwenM	.40	1.7	28	23	22¾	23	+¼
6⅞	⅛	Oxoco			182	⅞	⅞	⅞	—⅛

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
9⅛	5	StatBld	.20	3.3	1033	6⅛	5¾	6⅛	+⅛
30	19¾	Standy s	1.00	3.8	33	26	25¾	26	—⅛
25⅛	11¼	StdMic			845	16⅞	16	16⅛	+⅛
27	19	Stanho s	1.20	5.4	4	22⅛	22⅛	22⅛	—⅛
48½	31⅛	StaStB	1.20	2.0	341	61⅛	60¾	61⅛	+⅛
6½	4⅛	StateG	.15b	3.1	264	4⅞	4⅝	4⅞	+⅛
7⅞	4⅛	Steiger			48	4⅞	4⅞	4⅞	+⅛
17⅞	9⅝	StewStv			289	14⅞	14⅝	14⅞	
25	16¾	StwInf	.72	3.0	12	24⅛	24⅛	24⅛	
8½	5	Stifel			2	6⅝	6⅝	6⅝	—⅛
18½	7¾	Stratus			7213	18⅛	18	18⅛	
38½	24¾	StrwCl s	.76	2.1	4	36⅛	35¾	35¾	
34¾	19½	Stryker			67	34⅛	34	34⅛	+⅛

"Punorama" BY LOUIS BARON



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BOOKS

JUSTICE: The Memoirs of Attorney General Richard Kleindienst

By Richard G. Kleindienst. 247 pages. $16.95. Jameson Books, 772 Columbus Street, Ottawa, Ill. 61350.

Reviewed by J. Anthony Lukas

IT WAS, as John Dean recalled it, the first major caucus of the Watergate cover-up. At 9 A.M. on June 20, 1972 — barely 79 hours after the break-in at the Democratic National Committee — there they all were, the men who were soon to play leading roles in the great national melodrama.

There was John Mitchell, chief of the Committee to Re-elect the President, puffing gloomily on his pipe; the presidential assistant, John Ehrlichman, scowling under his beetle brows; the White House chief of staff, Bob Haldeman, his face deeply tanned from a weekend at Key Biscayne; fresh-faced, deferential John Dean, counsel to the president; and the new attorney general of the United States, Richard G. Kleindienst.

As Dean remembers it, this august assemblage in Ehrlichman's office seemed primarily concerned with the public-relations aspects of the Watergate incident. Dean recalls that Ehrlichman asked who was leaking to the press. Kleindienst said it was the city police but the leaks would be plugged as soon as the FBI took over. After the meeting, Dean says, he rode with Kleindienst to the Justice Department.

Now Kleindienst says he was never at this meeting. Moreover, he says John Mitchell told him he wasn't there. He says he was never at any White House conference with Ehrlichman, Haldeman and Dean together. He thus suggests the June 20 conference was largely Dean's fabrication.

Why has he waited all this time to raise the point? He says that because of the "sorrow" always evoked by memories of that time he long declined to read any of the Watergate memoirs, so, not until he glanced through Dean's "Blind Ambition" while preparing his own book did he stumble across the account of the June 20 meeting.

It scarcely seems possible that Kleindienst could have missed accounts of the June 20 meeting, which had been part of the conventional wisdom about Watergate a full three years before Dean's book appeared in 1976 and had been amply discussed in the press and Congress.

This is not to suggest that Kleindienst is consciously lying. Indeed, there is something so earnest, so heartfelt about this book that it is difficult not to believe in the attorney general's sincerity.

There is another explanation for his tardiness in setting the record straight. As he puts it, "I knew I would be powerless, anyway, in that period of Jacobin fever, to correct any inaccuracies." Clearly, he now believes the climate has changed sufficiently to clear his name, which he feels was besmirched by inaccurate press accounts, self-serving memoirs, vindictive prosecutors, and — worst of all — his conviction for failing to respond fully to questions at a congressional hearing, which brought him a suspended jail sentence and a $100 fine.

Kleindienst reviews the events that led to that conviction, the so-called "ITT affair," in which the White House apparently intervened to water down the antitrust action against the multinational conglomerate. Although Richard M. Nixon called Kleindienst on Aug. 19, 1971, to order him to halt the ITT prosecution, Kleindienst told the Senate Judiciary Committee, "I was not interfered with by anybody at the White House. I was not importuned. I was not pressured. I was not directed."

In defense of his position, Kleindienst argues that he refused to follow the president's order and that the subsequent settlement of the ITT suit stemmed from quite different events. Yet, in light of that April 19 call, it is hard to see how he could tell the committee he was not "pressured" by anyone at the White House.

Elsewhere, Kleindienst vigorously defends Nixon's attempt to put Clement Haynsworth on the Supreme Court, argues that Archibald Cox was too partisan to serve as Watergate special prosecutor, and settles some old scores with John Ehrlichman.

Old scores, indeed. Whatever reason Kleindienst may have had for delaying this rebuttal, few readers are likely to care much about the minutiae of events that most of the nation digested a decade ago.

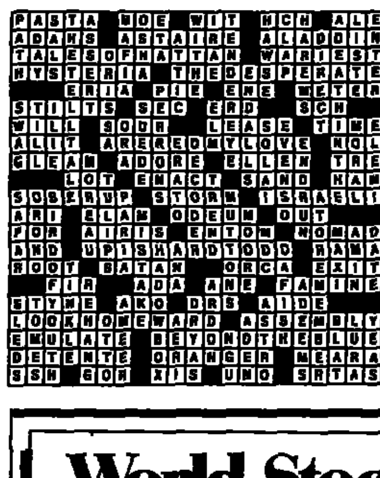
That is too bad. There is a rough-hewn kind of honor about the man that sets him apart from the sleazy gang that staffed the Nixon White House. He probably deserves somewhat better than he has received at the hands of history — but, at this remove, it will be hard to set the record straight.

J. Anthony Lukas is a Pulitzer Prize-winning journalist whose next book, "Common Ground: A Turbulent Decade in the Lives of Three American Families," is scheduled to be published this fall. He wrote this review for The Washington Post.

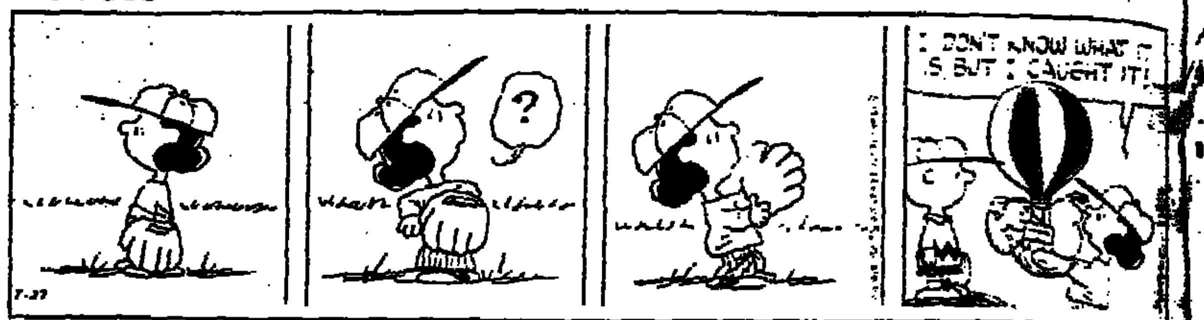
DENNIS THE MENACE

"IF YA DIDN'T WANT TO HEAR THAT ANSWER, YOU SHOULDN'T HAVE ASKED THAT QUESTION."

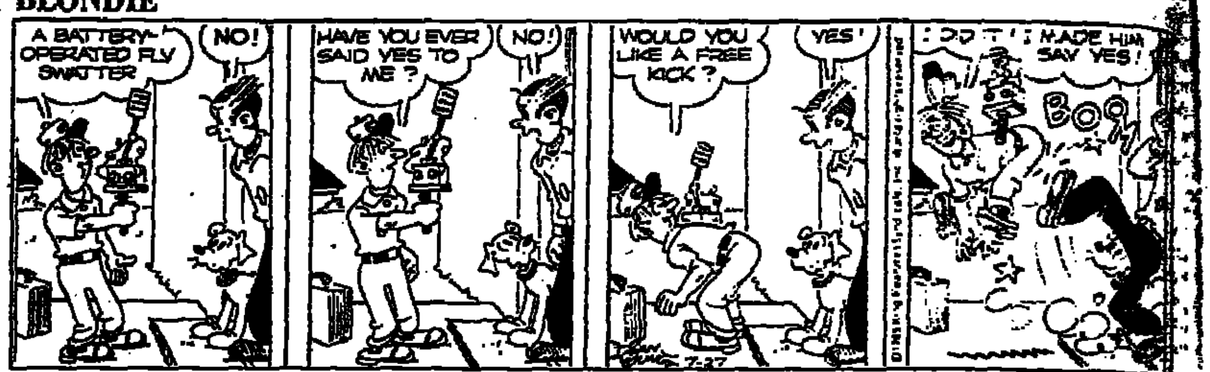
Solution to Last Week's Puzzle



PEANUTS

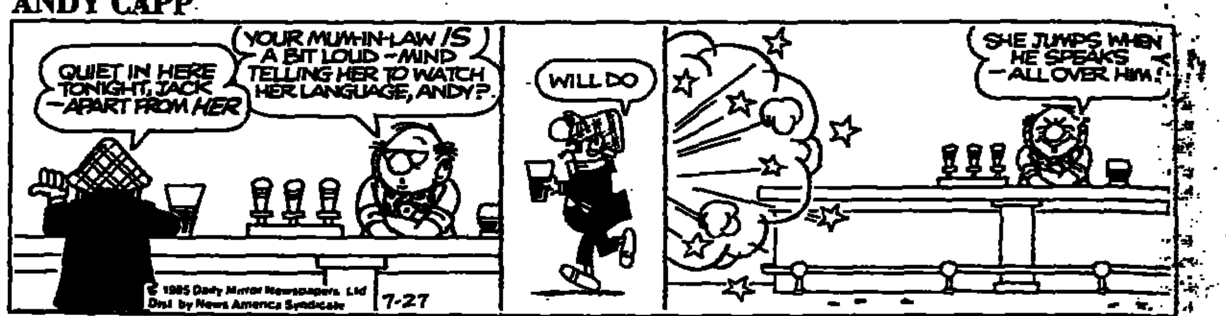


BLONDIE

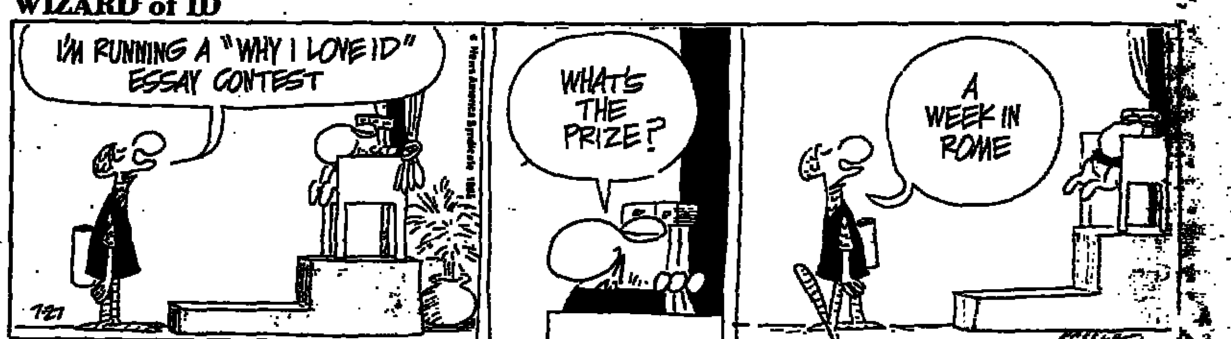


BEETLE BAILEY

ANDY CAPP

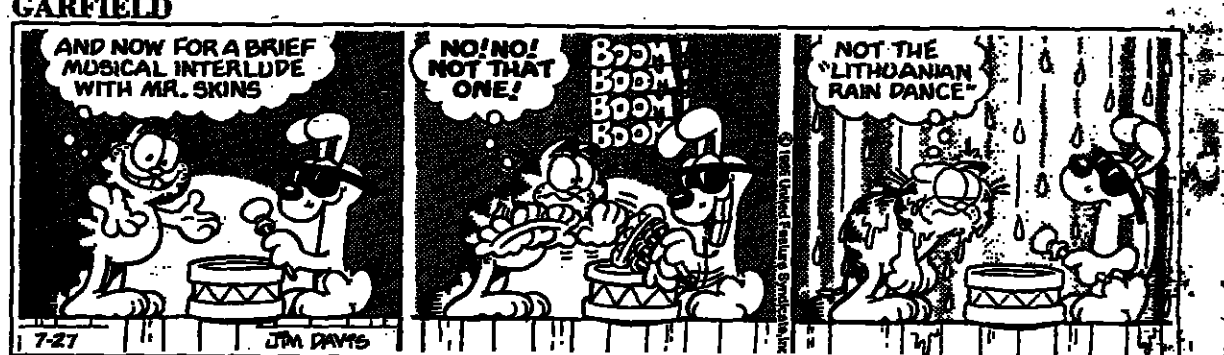


WIZARD of ID



REX MORGAN

GARFIELD



WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	28	82	18	64	fr
Amsterdam	21	70	17	63	r
Athens	34	93	24	75	fr
Barcelona	30	86	18	64	fr
Belgrade	31	88	15	59	fr
Berlin	23	73	13	55	cl
Brussels	25	77	18	64	cl
Bucharest	31	88	13	55	fr
Budapest	29	84	15	59	fr
Copenhagen	23	73	11	52	fr
Costa Del Sol	29	84	19	66	fr
Dublin	20	68	13	55	fr
Edinburgh	15	59	12	54	st
Florence	37	99	19	66	fr
Frankfurt	26	79	16	61	sh
Geneva	31	88	16	61	fr
Helsinki	18	64	10	50	o
Istanbul	28	82	17	63	fr
Las Palmas	25	77	21	70	fr
Lisbon	25	77	17	63	fr
London	18	64	18	64	r
Madrid	33	91	21	70	fr
Milan	32	90	21	70	fr
Moscow	17	63	12	54	sh
Munich	31	88	14	57	fr
Nice	28	82	23	73	fr
Oslo	23	73	12	54	fr
Paris	25	77	21	70	st
Prague	25	77	12	54	cl
Reykjavik	15	59	8	46	cl
Rome	31	88	21	70	fr
Stockholm	21	70	13	55	cl
Strasbourg	31	88	15	59	cl
Venice	31	88	22	72	fr
Vienna	29	84	16	61	fr
Warsaw	22	72	11	52	o
Zurich	32	90	15	59	fr
MIDDLE EAST					
Ankara	24	75	6	43	fr
Beirut	30	86	23	73	fr
Damascus	—	—	—	—	na
Jerusalem	28	82	18	64	fr
Tel Aviv	31	88	21	70	fr
OCEANIA					
Auckland	12	54	9	48	r
Sydney	16	61	9	48	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	28	82	25	77	sh
Beijing	29	84	22	72	cl
Hong Kong	29	84	26	79	o
Manila	32	90	25	77	r
New Delhi	30	86	27	81	r
Seoul	32	90	26	79	st
Shanghai	30	86	24	75	st
Singapore	28	82	25	77	o
Taipei	29	84	25	77	cl
Tokyo	33	91	26	79	fr
AFRICA					
Algiers	34	93	20	68	fr
Cairo	34	93	22	72	cl
Cape Town	24	75	14	57	r
Casablanca	24	75	21	70	cl
Harare	23	73	12	54	fr
Lagos	—	—	—	—	na
Nairobi	—	—	—	—	na
Tunis	35	95	18	64	fr
LATIN AMERICA					
Buenos Aires	16	61	14	57	r
Caracas	19	66	19	66	r
Lima	18	64	16	61	o
Mexico City	25	77	14	57	cl
Rio de Janeiro	21	70	17	63	fr
NORTH AMERICA					
Anchorage	21	70	10	50	fr
Atlanta	30	86	21	70	pc
Boston	29	84	22	72	st
Chicago	28	82	18	64	fr
Denver	29	84	14	57	fr
Detroit	27	81	17	63	pc
Honolulu	31	88	23	73	cl
Houston	35	95	24	75	pc
Los Angeles	31	88	20	68	pc
Miami	31	88	26	79	pc
Minneapolis	29	84	14	57	fr
Montreal	32	90	16	61	fr
Nassau	30	86	23	73	fr
New York	26	79	22	72	st
San Francisco	21	70	13	55	pc
Seattle	25	77	13	55	fr
Toronto	31	88	20	68	fr
Washington	30	86	19	66	sh

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

SATURDAY'S FORECAST — CHANNEL: Moderate. FRANKFURT: Variable. Temp. 23—15 (73—59). LONDON: Rain later. Temp. 20—15 (68—59). MADRID: Fair. Temp. 33—22 (91—72). NEW YORK: Fair. Temp. 29—23 (84—73). PARIS: Cloudy early, fair later. Temp. 24—16 (75—61). ROME: Fair. Temp. 31—23 (88—73). TEL AVIV: NA. ZURICH: Cloudy. Temp. 26—15 (79—59). BANGKOK: Rain. Temp. 33—25 (91—77). HONG KONG: Thunderstorms. Temp. 31—27 (88—81). MANILA: Showers. Temp. 32—24 (90—75). SEOUL: Cloudy. Temp. 33—25 (91—77). SINGAPORE: Thunderstorms. Temp. 29—25 (84—77). TOKYO: Fair. Temp. 33—25 (91—77).

World Stock Markets

Via Agence France-Presse July 26

Closing prices in local currencies unless otherwise indicated.

London (cont.)	Close	Prev.
Sears Holdings	93½	90
Shell	676	671
STC	90	88
Std Chartered	449	442
Sun Alliance	458	455
Tate and Lyle	441	453
Tesco	253	248
Thorn EMI	326	319
T.I. Group	335	330
Trafalgar Hse	361	360
THF	124	119

Amsterdam, Brussels, Frankfurt, Hong Kong, Johannesburg, London, Milan, Paris, Singapore, Stockholm, Sydney, Tokyo, Zurich, Toronto (Canadian stocks via AP, July 26): [illegible]

To Our Readers

Montreal stock markets quotations were not available in this edition because of transmission problems.

SPORTS

VANTAGE POINT / George Vecsey

...nd Slaughter Begat Rose...

New York Times Service

NEW YORK — They would go to quaint Crosley Field, father and son, and root for the Cincinnati Reds against all comers, but when the St. Louis Cardinals came to town, the father would turn to his son and say: Watch the old guy in right field. I want you to play like him.

The old guy in right field was named Enos Bradsher Slaughter, who never stopped running on a ball field. Ran to his position. Ran to the dugout. Ran to home plate. Ran to first base on a base on balls. Ran over the first baseman's foot if he got half a chance.

The little boy in Cincinnati with the coal-dark eyes and the mop of hair followed his father's advice, and imitated the man from the old Cardinals. Six or seven years from now, Pete Rose will follow Enos Slaughter into the Baseball Hall of Fame.

Slaughter's day arrives Sunday, when he and the late Arky Vaughan will be inducted into the Hall in Cooperstown, New York, following their selection by baseball's old-timers' committee last March. Lou Brock and Hoyt Wilhelm, who were selected by the vote of the baseball writers, will also be inducted.

Rose's debt to Slaughter is one of the better story lines of baseball as he tries to catch another legend, Ty Cobb, in total base hits. One of the glories of baseball, with its century-plus heritage of records and anecdotes, is the overlapping generations of ancestors, an almost biblical parade of spiritual begats.

When Buddy Bell was traded home to Cincinnati last week, he recalled watching not only his own father, Gus, playing for the Reds, but later a swaggering home-grown hero, Rose, first his role model, now his manager.

Baseball's history of lobby-sitting, train-riding, clubhouse-waiting, bench-jockeying, bleacher-sitting and paper-reading brings the past right up to the present. Billy Martin lugs his personal angst to the manager's office, but he is also a product of his mentor, Casey Stengel, which also means that little bits and pieces of John J. McGraw and Wilbert Robinson are floating around in Martin's head.

Sometimes the influences are hidden away. Stengel always assumed Mickey Mantle, whom he occasionally called "Ignatz," had never given much thought to being a baseball player when he arrived in the major leagues in 1951. Before an exhibition game, Mantle seemed amused when Stengel tried to tell him how to play the right-field wall in Ebbets Field, not seeming to grasp that Stengel had once patrolled that field.

UPI/1977

Enos Slaughter

Mantle was not quite as devoid of baseball background as it might have seemed. A few weeks ago at the Yankees' old-timers' day, Phil Rizzuto interviewed Stan Musial and Mantle, whose affability quotient has improved greatly since he discovered he could make a living by being nice.

Without much coaxing, Mantle told how his father, Mutt, had driven up from Commerce, Oklahoma, to Springfield, Missouri, to watch the Cardinals' minor-league team in 1940, and how Mutt Mantle told his eight-year-old son, "Watch this fellow named Musial. He's going to be a major leaguer some day." Musial made his debut in St. Louis barely a year later, giving young Mickey Mantle some incentive to roar like a comet to the major leagues at the age of 19.

The daily winds of baseball for over a century have produced some epic cross-pollination. Musial carries the nickname "Stan the Man" from fans in Brooklyn grown weary of watching him club the Dodgers into submission, and Rose proudly carries the nickname "Charley Hustle," from the sultry Sunday afternoon in Tampa, Florida, in 1963, when two Yankees watched him run during an exhibition. Ah, but the reader already knows that the two fat-cat Yankees, guffawing at the intense rookie, were Whitey Ford and Mantle.

The Yankees of the postwar dynasty were professional about hustling from first to third on a base hit, but they were not awed by exuberance. Stengel obtained Slaughter for his hustle in 1954, and the tough old bird served two hitches with the Yankees. Some of the old-guard Yankees would snicker when Slaughter raced to first base on a walk, but the old boy had earned his respect, with the Gashouse Gang of St. Louis more than a decade earlier.

Slaughter had learned his lesson in the minor leagues when his manager, Eddie Dyer, asked him if he was weary because he had not run out a grounder to the infield. Jobs were scarce in the '30's, and Slaughter told the manager that he felt just fine.

He told Billy Southworth he was just fine in 1941, when he ran into a concrete wall and broke his collarbone. He finished the game, but they made him take a month off, until he argued his way back into the lineup. He swung so hard at the first pitch that he tore open the skin where the bone had fractured, turning his uniform as crimson as the picturesque redbird on the front of his shirt.

He told Dyer he was just fine in 1946, when he took a pitch on the right elbow during the fifth game of the World Series. He wouldn't rub the injury ("wouldn't give 'em the satisfaction," he said) but on the train back from Boston that night, Dr. Robert F. Hylan warned him not to risk his career by playing with the bad bruise.

"Doc, I thought you were smart," Slaughter said. "Man, how in the world do you think I'm gonna miss this one? If I'm breathing, I'm all right to play."

Batting almost one-handed, Slaughter drove in a key run in the sixth game, and in the seventh game, with the score tied, he led off the eighth inning with a base hit. He then raced home from first base on the hit-and-run as Harry Walker slapped a hit into left-center, and Leon Culberson and Johnny Pesky did not get the ball to the plate in time. The scorers gave Walker a double, but the reality is that Slaughter won a World Series by scoring from first on a single.

Baseball players should not make the Hall of Fame on the basis of one play, but Country Slaughter hustled like that for 19 seasons, and was batting an even .300 for his career when they took away his uniform in 1959. Rose was in the major leagues four years later, and they'll have to tear the uniform off him, too.

AP — Reuters/United Press International

The Cardinals' Willie McGee took a home run away from Graig Nettles in San Diego, but Gary Carter suffered no such misfortune as he connected against the Astros in New York.

Owners' Offer Angers Baseball Union; Chances of Averting a Strike Diminish

By Murray Chass
New York Times Service

NEW YORK — Chances of averting a baseball strike Aug. 6, already a remote posibility, have seemed to diminish even further.

The owners' negotiators resubmitted on Thursday a salary arbitration proposal that the union chief said was designed to anger the players and further frustrate efforts to reach an agreement.

Another bargaining session was to take place Friday, but there was no indication that either side expected any progress to be made.

At Thursday's meeting, management representatives presented contract language dealing with salary arbitration. The proposal, the same as the one made June 12, contained two elements in particular that aroused the union's wrath — that eligibility be increased from two years of major league service to three and that an arbitrator not be permitted to award a salary that was more than double the player's pay the previous season.

Labeling the owners' action provocative, Donald Fehr, the union leader, said: "At this stage in the negotiations, the owners are once again making a proposal that they know will make players angry, that they know would be severely regressive in reducing salaries. If there is interest in reaching agreement at this stage, you don't do it this way.

"If you want to reignite the fires that have been smoldering the past six months, you do exactly what they've done. They're not stupid enough not to expect that this would make players angry, so I have to think they knew what they were doing. This does nothing but impede the chances of reaching an agreement."

Lee MacPhail, the owners' labor spokesman, was surprised at Fehr's reaction, pointing out that the salary arbitration proposal had been made more than six weeks ago.

Noting that the players' proposal would have made more players eligible for the procedure, he said: "Maybe they expected if they offered to drop that, we would drop ours. But salary arbitration is a very important issue to us. We have to do something to retard the increase in player salaries. You don't do that by saying it; you have to have a system."

The players had rejected the salary arbitration proposal when it was made, along with the owners' payroll plan, which would have served as a salary cap. When Fehr was asked what he expected Thursday, he said: "Something other than a deliberate slap."

He added: "Twelve days before a strike, I've got to tell all the young players, who are overwhelmingly the majority of major league players, that we won't have salary arbitration as you know it and all the salaries will go down. That's the price of an agreement. I don't know who's going to accept that. They know I have to talk to the players so that apparently is what they're trying to achieve. If there's anyone on the other side interested in reaching an agreement, I haven't seen or heard of them."

MacPhail said that the owners were trying to negotiate an agreement to replace the one that expired last Dec. 31 but that any agreement would have to provide a way for the owners to slow down the salary escalation. "Salary arbitration," he said, "is an area I always knew would be difficult for them, but it's part of the slowing process we've asked for."

MacPhail also said the owners would continue to withhold a proposal on their contribution to the players' pension and benefit plan until the players were prepared to address the "slowing process."

Stieb Blanks Angels As Blue Jays Extend Winning Streak to 5

United Press International

TORONTO — Dave Stieb pitched a seven-hitter and Damaso Garcia, Willie Upshaw and Lloyd Moseby each collected two hits and a pair of RBIs Thursday night to lead the Toronto Blue Jays to a 7-0 victory over the California Angels.

Stieb (10-6) struck out three and walked one while posting his second shutout and fifth complete game. In his past 14 games, the 28-year-old right-hander has held the opposition to two or fewer runs on 12 occasions while lowering his league-leading Earned Run Average to 1.95.

BASEBALL ROUNDUP

"By far my won-loss record has never indicated how well I've pitched," Stieb said. "I don't know if it ever will. I look around and see guys 14-3 and I feel I should be with them. I might not win 20 games. I might not even become the first Blue Jay to win 20 games. And that means a lot to me."

The Blue Jays' fifth consecutive victory allowed the club to open a five-game lead over the New York Yankees in the American League East.

Toronto took a 2-0 lead in the second off Mike Witt (8-7) who had a personal five-game winning streak snapped. The Blue Jays loaded the bases on lead-off singles by Al Oliver and Ernie Whitt and a one-out intentional walk to Jesse Barfield. Garcia then ripped a two-run single to make it 2-0.

The Blue Jays stretched their lead to 4-0 with a pair of runs in the third. With one out, Rance Mulliniks singled and advanced to third when George Bell doubled. With two out, Upshaw singled in both runners.

Toronto made it 5-0 in the fourth and 6-0 in the sixth on RBI singles by Moseby. Whitt hit his 12th homer in the eighth to give the Blue Jays a 7-0 lead.

The Angels mounted their best scoring threat in the sixth. Jerry Narron and Dick Schofield singled with none out and Ruppert Jones followed with a sharp liner back to the box. Stieb snared the ball and fired to second to retire Narron for the third of four Toronto double plays.

Orioles 5, White Sox 1: Mike Flanagan pitched a three-hitter over eight innings in Chicago, lifting Baltimore over the White Sox. Flanagan, making his second start since recuperating from a torn Achillies' tendon, opened with four perfect innings. Eddie Murray hit a grand slam home run in the eighth inning — his second this season — after Floyd Bannister loaded the bases with three walks.

Red Sox 5, Mariners 3: Jim Rice drove in three runs as Bobby Ojeda and two relievers teamed on a seven-hitter, pacing Boston to its fifth straight victory. Wade Boggs singled for the Red Sox to extend his hitting streak to 28 games.

Tigers 7, Twins 2: Jack Morris hurled a four-hitter and Barbaro Garbey hit a home run and an RBI single to lead Detroit to victory in Minneapolis. Morris recorded his 10th complete game and is now 6-0 in the Metrodome and 14-4 lifetime against the Twins.

A's 11, Brewers 2: Bruce Bochte hit a three-run homer to cap a five-run sixth inning, and Dwayne Murphy hit a triple and drove in two runs to power the A's in Milwaukee. Tim Birtsas pitched an eight-hitter for Oakland in his first major-league complete game.

Mets 6, Astros 3: In the National League, Dwight Gooden scattered seven hits and struck out six to lead New York. Gooden increased his total strikeouts to 163, highest in the majors. He walked two in pitching his ninth complete game. Gary Carter hit a three-run home run for the Mets.

Cardinals 9, Padres 6: Vince Coleman ignited a five-run ninth off Rich Gossage with an RBI single, pacing St. Louis in San Diego. It was the fifth straight triumph for the Cardinals and the fifth consecutive loss for the Padres.

Giants 4, Pirates 3: Chris Brown hit a two-run single and Bob Brenly hit a run-scoring double in the eighth inning to rally the Giants in San Francisco.

Expos 1, Reds 0: Razor Shines' pinch-hit single in the seventh scored Herm Winningham to make the Expos triumphant. Bill Gullickson and Jeff Reardon, who earned his 25th save, combined on a four-hitter.

Braves 3, Phillies 2: Rafael Ramirez scored from second when the Phillies committed an error trying to turn a double play, lifting Atlanta in Philadelphia.

Dodgers 7, Cubs 3: Pedro Guerrero hit his 22d home run and scored three times to lead the Dodgers over Chicago in Los Angeles. Fernando Valenzuela won his fifth straight game and Ken Howell recorded his 10th save.

SPORTS BRIEFS

Marino Fails to Attend Dolphin Camp

MIAMI (UPI) — Dan Marino, the Miami Dolphins' quarterback, failed to attend practice Thursday in a protest over his contract negotiations. Marino stands to be fined $500 for every practice or team meeting he misses, a team spokesman said.

"We are quite a way apart," said Joe Robbie, the team owner. Robbie called his offer "one of the most generous contracts in pro football." He said: "They are asking for a contract substantially greater than Joe Montana is currently getting."

Montana, believed to have a six-year contract worth $6 million, led San Francisco to a Super Bowl victory over Miami in January.

Zimmerman Sues NFL Over Draft

WASHINGTON (AP) — Gary Zimmerman has filed suit in U.S. District Court here seeking to invalidate the National Football League's "supplemental draft" of players from the United States Football League.

Zimmerman, a two-time all-USFL offensive lineman with the Los Angeles Express, was chosen by the New York Giants in the NFL's "supplemental draft" last year. He has charged the NFL, its management council, the players association and the league's 29 teams with violation of the antitrust laws "in that it is an illegal conspiracy in that it unreasonably restrains interstate trade and commerce in the professional football industry."

Zimmerman said the alleged conspiracy deprived him of his freedom to deal with the team of his choice. He asked damages of $10 million.

Braves Agree to Take Back Perez

ATLANTA (AP) — Pascual Perez, missing from the Atlanta Braves baseball team for five days, will rejoin the club next Tuesday under an agreement worked out Thursday in a meeting with Braves management.

Perez, who disappeared Sunday in New York, contacted club officials Wednesday and met for 90 minutes with the Braves' general manager, John Mullen. He was given the option of rejoining the team during the current road trip in Philadelphia, but asked for time "to collect his thoughts and prepare himself mentally," said Wayne Minshew, a team spokesman.

Minshew said that Perez will "by mutual agreement" rejoin the Braves when they return home Tuesday to play the Padres. "He said he will apologize to his teammates for leaving the club, and he wishes to redeem himself to teammates and Braves fans," Minshew said. Perez loses about ...00 in salary for every game he misses.

France Backs Alps Site for Olympics

PARIS (Reuters) — The French government has decided to back the candidacy of the Haute Savoie region in the French Alps as a site for the ... Winter Olympics, a statement from the prime minister's office said.

The statement said a tentative budget of 2.93 billion francs ($335 million) was envisaged. The government is already supporting a bid by Paris for the 1992 Summer Games. The International Olympic Committee is to announce the 1992 venues on Oct. 17.

Floyd Takes Lead in Hartford Golf

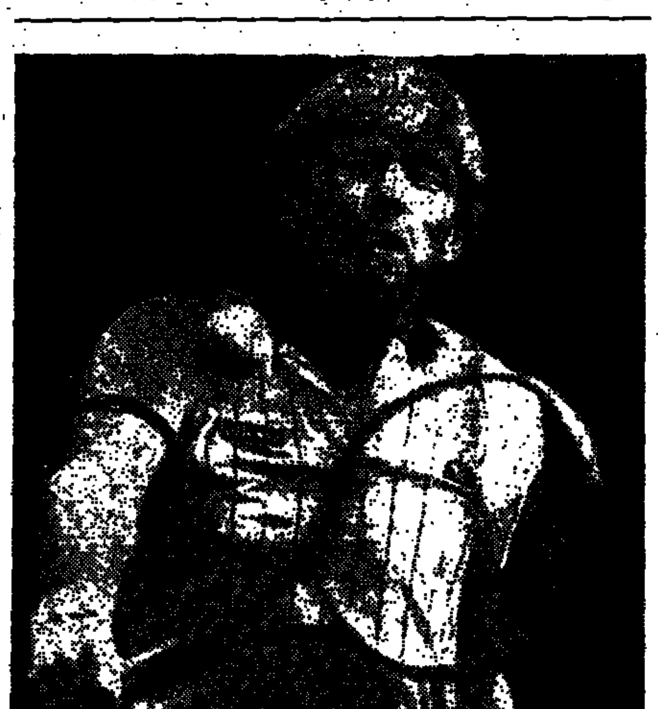
CROMWELL, Connecticut (UPI) — Raymond Floyd, undergoing therapy for a back injury, carded a 7-under-par 64 Thursday to take a ...-stroke lead after the first round of the Greater Hartford Open golf tournament. Floyd, 42, used a reliable wedge and solid putting for seven birdies. Six players — Greg Norman, Hale Irwin, John Cook, John Mahaffey, Hubie Green and Ron Streck — were tied for second at 66.

Chinese to Play NBA Exhibitions

WASHINGTON (UPI) — The Chinese Olympic basketball team has tentatively agreed to play several National Basketball Association teams in autumn as part of a cultural agreement with the United States. The ... call for scrimmages against NBA teams, and arrangements are being made to play exhibition games, an official for the U.S. Information Agency said. The Chinese are scheduled to arrive in New York Sept. 23.

English Club Asks McEnroe to Quit

LONDON (UPI) — The Queens Tennis Club in London has asked John McEnroe to resign his membership because of his unsportsmanlike conduct at a tournament last month. If McEnroe does not resign, he can be expelled, said Jonathan Edwardes, membership secretary of the club.



Reuters/United Press International

Boris Becker, the Wimbledon champion, returning a shot to Francesco Cancellotti at the U.S. Clay Court Championships in Indianapolis. Becker took the match, 6-4, 6-2.

Becker Draws Spotlight At U.S. Clay Court Event

By Roy S. Johnson
New York Times Service

INDIANAPOLIS — Boris Becker revealed a lot about himself this week. He said he likes rock music, especially by Foreigner and The Police, but he doesn't like hamburgers or the nickname Boom-Boom. "My mother says to me, 'Boris!,' not Boom-Boom," he said. "Boom-Boom is not my name."

Now, he is revealing a lot about what kind of tennis player he is, too.

After struggling Tuesday night in his first match since his stunning triumph at Wimbledon, the 17-year-old West German swept past Francesco Cancellotti of Italy on Thursday in just 1 hour 8 minutes to move into the quarterfinals of the U.S. Clay Court Championships. The third-seeded Becker eliminated his 11th-seeded opponent in straight sets, 6-4, 6-2.

"I played a clay match today," he said, alluding to the difficulty he faced making the transition from the fast, grass courts of Wimbledon to the slow surfaces at the Indianapolis Sports Center. "The first day, I didn't. I made too many mistakes."

Becker's strength is a searing serve, and that's how he kept Cancellotti, who is ranked 39th in the world, off balance. But that alone will not be enough to help him win this tournament, which features several players who claim clay as their favorite surface.

His weaknesses — especially an erratic forehand — aside, Becker has captured the crowds here. They cheered wildly when he entered the stadium, then later sent him off with a standing ovation. And near the end of the match, when he reacted to an errant shot by his opponent with a dance reminiscent of The Twist, they buoyed him again with cheers.

"I like to play when the crowd's like that," he said. "They were clapping hands for both players. They were very fair."

Becker said he will have to improve even more to defeat his next opponent, the little-known Miloslav Mecir of Czechoslovakia, who is seeded fifth. Mecir has risen from 60th to 13th in the rankings this year because of some surprisingly strong performances. In their only previous meeting, at an indoor tournament in Rotterdam in March, Mecir won in straight sets. On Thursday, he easily defeated unseeded Blaine Willenborg of Florida, 6-1, 6-4, to gain the quarterfinals.

SCOREBOARD

Transition

BASEBALL
American League

CHICAGO—Activated Ron Kittle, outfielder. Sent Mark Ryal, outfielder, to Buffalo of the American Association.

National League

ATLANTA—Suspended Pascual Perez, pitcher, and placed him on the restricted list. Called up Joe Johnson, pitcher, from Richmond of the International League.

NEW YORK—Recalled Bill Latham, pitcher, from Tidewater of the International League. Optioned Kelvin Chapman, second baseman, to Tidewater.

BASKETBALL
National Basketball Association

L.A. LAKERS—Signed Mike McGee, guard-forward, to a four-year contract.

FOOTBALL
National Football League

ATLANTA—Signed Steve Bartkowski, quarterback, and Mick Luckhurst, kicker.

BUFFALO—Waived Emil Everett, Kelly Potter, and Emilio Sanchez, kickers. Announced that Mike Tolliver, wide receiver, had left camp.

CINCINNATI—Signed Tom Dinkel, linebacker.

CLEVELAND—Released Fred DiSanto, running back; Paul Sicuro, quarterback; Nate Johnson and Anthony Blair, wide receivers, and Mario Shaffer, offensive lineman. Signed Brian Vogl, defensive lineman. Signed Greg Allen, running back, to a series of one-year contracts.

DALLAS—Cut Vincent Bean and Sam Burris, wide receivers; Mark Kennedy and Lee Knowles, linebackers; Pete McCartney, center; Darryl Ursery, tackle, and Kevin Buenafe, punter.

DENVER—Waived Dwayne Stanley, Derrick Taylor, and Michael Brown, running backs; Joe Young, Robert Younger, Thomas Ruff, Dave Dillingham, and Richard Linderholm, offensive linemen; Kirk Powell, punter; Clinton Travis and John Trahan, wide receivers; David Booth, Mike Brown, Lee Blakeney, and John Hains, linebackers, and Ricky Greene, Thomas Clark, Richard Groover, and Rod Brown, defensive backs.

DETROIT—Signed Stan Short and Greg Roberts, guards, and Ricky Simpson and Marshall Lowe, wide receivers. Traded Robbie Martin, wide receiver, to Indianapolis for Alvin Moore, running back. Claimed Dave Young, tight end, and Ronald Watson, safety, from waivers. Signed Angelo King, linebacker.

GREEN BAY—Waived Mike McCoy, defensive back. Signed Bucky Scribner, punter, and Rich Moran, offensive lineman. Cut Peter Quinlan, defensive lineman; Jeff Stanford, defensive back, and Andre Young, linebacker.

HOUSTON—Waived Jeff Carter and Kent Jordan, tight ends; Brian Hall and Averick Walker, defensive backs, and Donnie Campbell, quarterback.

INDIANAPOLIS—Waived Dave Young, tight end; Phil Basso, quarterback, and Nick Crnkovich, tight end. Signed Barry Krauss, linebacker; Rohn Stark, punter, and Andre Young, strong safety.

KANSAS CITY—Signed Brad Budde, guard, to a series of one-year contracts.

L.A. RAIDERS—Released Vince Gamache and Michael Ward, place-kickers. Cut Tony Boddie and Courtney Griffin, running backs; Greg Rutter, tight end; Rex Burningham, Randy Norvelle, Mark Palyo and Steve Wohl, offensive linemen, and Elton Cummings, Ralph Darnell, Lorenzo King, and Matthew Teague, defensive linemen.

MIAMI—Cut Pete Lavin and James Thaxton, defensive backs, and Sam Flores, place-kicker. Mike Moore, offensive lineman, left training camp. Placed Andra Franklin, fullback; Eric Laakso, offensive tackle; Bob Baumhower, nose tackle, and A.J. Duhe, linebacker, on physically unable to perform list.

NEW ENGLAND—Signed Ben Thomas, defensive end, to a two-year contract.

N.Y. GIANTS—Announced that Jack Oliver, offensive lineman, has returned to camp.

N.Y. JETS—Waived Craig Garrick, tackle; Scott Nizolek, tight end, and Mike Augustyniak, fullback, after failing physical examinations. Waived Tom Garner, center, and Derrick Gaffney, wide receiver. Placed Nick Bruckner, wide receiver; Bruce Harper, running back, and Bob Crable, linebacker, on the physically unable to perform list.

PITTSBURGH—Signed Marcus Elliott, guard.

SAN DIEGO—Signed Ralph Molsielenko, punter and placekicker.

Baseball

Line Scores

NATIONAL LEAGUE

Pittsburgh 200 000 010—3 4 0
San Francisco 001 000 03x—4 11 0
Rhoden, Guante (8) and Pena; Hammaker, Minton (8) and Trevino, Brenly (8). W—Minton, 2-1. L—Guante, 2-2. HR—Pittsburgh, Madlock (6).

St. Louis 000 001 305—9 11 1
San Diego 010 050 000—6 8 3
Kepshire, Horton (5), Dayley (7), Lahti (9) and Porter; Show, Lefferts (7), Gossage (8) and Kennedy. W—Dayley, 3-0. L—Gossage, 2-2. SV—Lahti (11). HRs—St. Louis, Clark (19). San Diego, Nettles (11).

Cincinnati 000 000 000—0 4 0
Montreal 000 000 10x—1 6 0
McGaffigan, Hume (7) and Bilardello, Van Gorder (8); Gullickson, Reardon (8), and Fitzgerald, Butera (8). W—Gullickson, 10-6. L—Hume, 1-3. Sv—Reardon (25).

Houston 100 000 200—3 7 2
New York 101 030 10x—6 9 0
Scott, Calhoun (7) and Bailey; Gooden and Carter. W—Gooden, 15-3. L—Scott, 9-5. HRs—Houston, Davis (6), Bailey (6). New York, Carter (12).

Atlanta 200 000 001—3 5 0
Philadelphia 001 000 010—2 5 1
Johnson, Sutter (8) and Cerone; Rawley, Tekulve (9) and Virgil. W—Sutter, 6-4. L—Tekulve, 4-6. HR—Atlanta, Horner (17).

Chicago 001 000 101—3 7 1
Los Angeles 000 112 30x—7 10 1
Fontenot, Sorensen (7), Brusstar (8) and Davis; Valenzuela, Howell (8) and Yeager. W—Valenzuela, 12-8. L—Fontenot, 3-5. Sv—Howell (10). HRs—Chicago, Matthews (5). Los Angeles, Guerrero (22).

AMERICAN LEAGUE

California 000 000 000—0 7 0
Toronto 022 101 01x—7 14 1
Witt, Slaton (5) and Narron; Stieb and Whitt. W—Stieb, 10-6. L—Witt, 8-7. HR—Toronto, Whitt (12).

Seattle 010 000 002—3 7 1
Boston 100 010 21x—5 8 0
Swift, VandeBerg (7), R.Thomas (7), Snyder (8) and Kearney; Ojeda, Crawford (7), Clear (9) and Gedman. W—Ojeda, 5-6. L—Swift, 3-4. Sv—Clear (2). HR—Seattle, Coles (1).

Baltimore 001 000 040—5 4 0
Chicago 000 010 000—1 3 2
Flanagan, Stewart (9) and Dempsey; Bannister and Hill. W—Flanagan, 1-1. L—Bannister, 5-8. HR—Baltimore, Murray (16).

Detroit 100 300 003—7 8 1
Minnesota 000 000 020—2 4 2
Morris and Castillo; Viola, Wardle (9) and Salas. W—Morris, 11-6. L—Viola, 10-9. HRs—Detroit, Garbey (5). Minnesota, Bush (9).

Oakland 000 005 101—11 12 0
Milwaukee 200 000 000—2 8 0
Birtsas and Tettleton; Cocanower, Wells (4), Ladd (7) and Moore. W—Birtsas, 7-2. L—Cocanower, 1-1. HR—Oakland, Bochte (6).

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	59	37	.615	—
New York	52	40	.565	5
Detroit	51	42	.548	6½
Boston	51	44	.537	7½
Baltimore	48	45	.516	9½
Milwaukee	40	52	.435	17
Cleveland	30	63	.323	27½
West Division				
California	54	39	.589	—
Kansas City	49	44	.527	6
Oakland	49	46	.516	7
Chicago	47	45	.511	7½
Seattle	44	51	.463	12
Minnesota	43	50	.462	12
Texas	37	58	.389	19

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
St. Louis	57	36	.613	—
New York	54	40	.574	3½
Montreal	55	41	.573	3½
Chicago	50	44	.532	7½
Philadelphia	42	52	.447	15½
Pittsburgh	31	62	.333	26
West Division				
Los Angeles	54	39	.581	—
San Diego	52	44	.542	3½
Cincinnati	49	44	.527	5
Houston	44	52	.458	11½
Atlanta	42	52	.447	12½
San Francisco	36	60	.375	19½

Tennis

U.S. CLAY COURT CHAMPIONSHIPS
(At Indianapolis)

MEN'S SINGLES
Third Round

Ivan Lendl (1), Czechoslovakia, def. Guy Forget (15), France, 6-0, 6-2.

Miloslav Mecir (5), Czechoslovakia, def. Blaine Willenborg, U.S., 6-1, 6-4.

Boris Becker (3), West Germany, def. Francesco Cancellotti, (11), Italy, 6-4, 6-2.

Martin Jaite (8), Argentina, def. Guillermo Vilas, (10), Argentina, 6-0, 6-1.

Jaro Navratil, Czechoslovakia, def. Lawson Duncan, U.S., 6-2, 7-5.

WOMEN'S SINGLES
Quarterfinals

Zina Garrison, (2), U.S., def. Anna Ivan, U.S., 6-7 (7-0), 6-1, 6-3.

Kate Gompert, U.S., def. Manuela Maleeva (1), Bulgaria, 6-3, 1-6, 8-6.

Andrea Temesvari (4), Hungary, def. Raffaella Reggi (14), Italy, 6-3, 7-6 (8-6).

WOMEN'S DOUBLES
Quarterfinals

Penny Barg and Paula Smith, U.S. (3), def. Karin Huebner and Kim Steinmetz, U.S., 6-3, 6-3.

Beth Herr and Terry Phelps U.S. (4), def. Mercedes Paz and Adriana Villagran, Argentina (5), 3-6, 6-4, 6-0.

Manuela Maleeva and Katerina Maleeva, Bulgaria, (8), def. Zina Garrison and Lori McNeil, U.S. (2), 6-4, 5-7, 6-2.

Iva Budarova and Marcela Skuherska, Czechoslovakia, def. Kathy Horvath, U.S., and Andrea Temesvari, Hungary, (1), 6-3, 6-1.

Football

CFL Standings

EASTERN DIVISION	W	L	T	PF	PA	Pts
Montreal	3	0	0	77	48	6
Ottawa	1	1	0	43	45	2
Toronto	1	2	0	79	78	2
Hamilton	0	2	0	19	58	0
WESTERN DIVISION						
Brit Clmb	3	0	0	106	32	6
Edmonton	2	2	0	79	112	4
Winnipeg	2	2	0	85	97	4
Saskatchwn	1	2	0	83	72	2
Calgary	0	2	0	32	61	0

THURSDAY'S RESULT
Edmonton 25, Winnipeg 23

RUSSIA POSTCARD

'Hard Rain' in Moscow

By Celestine Bohlen
New York Times Service

MOSCOW — Bob Dylan looked just a little out of place up on the stage in a Moscow sports hall, seated among a group of international poets behind tubs of potted geraniums and a table set with mineral water.

He was dressed in white from head to foot, with dark glasses and the familiar mop of curly hair. Most of the other 26 poets wore suits and ties, except for the Nicaraguan cultural minister in a safari jacket and beret and an Indian poet in a flowing robe.

And while the other literati recited their poetry, Dylan sang his, after ducking off stage for 10 minutes to tune his guitar. Twangs of "Blowin' in the Wind" and "Hard Rain's Gonna Fall" wafted across the sports arena at the Lenin stadium complex, over the heads of a sparse audience seated in aluminum deck chairs lined up on the gym floor.

Dylan received applause, not quite overwhelming but better than polite — more than had been given to, say, the president of the Bulgarian Writers Union, or the Tadzhik poet's recital in Russian of a poem about the battle of Stalingrad, but about as much as was accorded Nika Turbina, a poetical 10-year-old prodigy.

Clearly, Dylan was something different, something unexpected for the assembled poetry lovers, most of whom seemed not to have had a clue that the famous idol of the 1960s would be in their midst Thursday night.

"We had no idea," said one young man as he left the hall after Dylan finished his three-song act.

Here, where poetry is taken very seriously and poets are regarded as popular figures, there was some debate as to whether Dylan was really a poet. "More a singer-bard," concluded the young man.

Dylan's appearance this week in the Soviet Union — his first here — was low-key to say the least. Even the international poetry reading in which he took part was barely advertised, and as far as anyone knew, Dylan's name never appeared on any billboard or in any newspaper.

One of the organizers said there was concern that people would knock down doors to get in, since by coincidence the poetry reading was scheduled on the eve of the 12th Youth Festival, as 20,000 young people arrived in Moscow.

But if Dylan is known in the Soviet Union, it is less among the young generation than among those who remember him from the 1960s. "Those records I have," said the organizer.

Actually, no one seems to remember whether his records were ever officially sold here. Dylan said someone at the Soviet embassy in Washington told him he was best known for "Blowin' in the Wind" and "The Times They Are a-Changing."

Shortly after he arrived Wednesday, Dylan said he heard on the radio an instrumental he had once written. "It was the flip side of a single — 'Wigwam,' I think," he said. "Halfway through I thought 'This sounds familiar,' and then I recognized it as something I wrote. It was spectacular: It sounded like Tchaikovsky."

The poetry reading was sponsored by the Soviet Writers' Union but, according to one of its members, this year was something of a trial run. "You should come next year," he said.

Dylan was asked to come by Soviet poet Yevgeny Yevtushenko three months ago, the American said. "I told him I don't really read my stuff," Dylan added. "He said it would be nice if I could sing."

Yevtushenko, who introduced Dylan, described him as a "singing poet."

Andrei Voznesensky, another Soviet poet, who has come to know Dylan on tours of the United States, calls him "a special type of artist." But before the reading, Voznesensky worried that the Dylan magic would go right by the non-English-speaking audience. "With him," Voznesensky said, "the sense of the words is very important."

Art Buchwald is on vacation.

Garden-Gnome Liberation

The Associated Press

AMSTERDAM — A drive to purge the Netherlands of obsolete laws may liberate the garden gnome: Under proposed legislation, the universally ignored requirement for a municipal permit to adorn gardens with the brightly colored figures would be dropped.

2 Brothers Snared by Venus's-Flytrap

By Charles Hillinger
Los Angeles Times Service

GREEN SWAMP, North Carolina — The two brothers gingerly made their way through the forest of moss-covered trees and dense underbrush, shrubs and wild plants, alert for rattlesnakes, water moccasins, copperheads, alligators and patches of squishy marsh.

They were covered with ticks, buzzed by testy flies and mosquitoes. An alligator surfaced nearby, then disappeared.

But Stanley (Fly Trap) Rehder, 63, and his brother, Henry, 74, did not mind. They enjoy the hostile environment.

They get out in it as often as they can, as they have ever since they were small boys taken into the woods and swamps of North Carolina by their father.

Stanley is a leading authority on the Venus's-flytrap, a plant that Charles Darwin described as the most unusual he had ever encountered.

The only place Venus's-flytraps grow naturally is on the edge of swamps within a radius of 100 miles (160 kilometers) of Wilmington, North Carolina.

He believes he has the only personalized license plate in the country that says FLY TRAP. "I don't know why anyone else would want it," said his brother.

Henry is known by botanists for his work with pitcher plants, a carnivorous plant of the family *Sarraceniaceae*. One of the insect-eating plants he discovered and identified carries his name — *Sarracenia rehderi*.

There are five families of carnivorous plants, so called because the plants trap and digest insects and small animals such as frogs and lizards. The other three carnivorous plants are sundews, butterworts and bladderworts.

The widest selection of these rare and unusual plants in the United States is in the swamps of Wilmington.

"Science writers have written many stories over the years about man-eating plants in places like the Philippines killing and swallowing humans. Not true," Stanley said. "But my father took a picture of a Venus's-flytrap in the Green Swamp eating a frog, that appeared in Life magazine years ago. And that was true."

Larry Bessel/Los Angeles Times

Henry Rehder (left) and his brother, Stanley, in a field of insect-eating pitcher plants. *Inset: Venus's-flytrap.*

The 14,000-acre (5,650-hectare) Green Swamp, 20 miles west of Wilmington, is protected as a sanctuary for black bears and carnivorous plants. Venus's-flytraps harvested on the edge of the swamps are sold throughout the world. "You can buy them in stores all across America," Stanley said. "It's really a shame. There's a danger of overharvesting flytraps. They were on the endangered species list until 1979." He is urging the North Carolina legislature to get the plants back on the list.

There is some element in the local soil that is essential for the growth of the plants and, so far, it has been impossible to transplant them. One essential ingredient to keep the plants alive is a type of moss called Sphagnum, said Stanley. When he goes into the swamps to locate and study the Venus's-flytraps in their native habitat he looks for Sphagnum.

"One rather exotic explanation as to why flytraps are found here and nowhere else is that millions of years ago this part of the country was hit by a meteorite shower," Stanley observed. "Some believe the plants originated in outer space. After all, they are named after a planet."

Stanley led his brother to a lush garden of Venus's-flytraps. In June the plants blossom, with a cluster of small white flowers at the tip of an erect stem 8 to 12 inches tall (20 to 30 centimeters). Each leaf on the flytrap has two jaw-like lobes hinged along a midline. The tops of the lobes are covered with teeth that mesh when closed. On each lobe are three super-sensitive hairs. When two of the hairs are brushed by a moving insect, the leaf snaps, trapping its prey.

For 24 to 36 hours, the glands on the leaf secrete red sap that digests the protein from the body. Then the lobes open again, waiting for the next meal.

Within minutes the two men came upon hundreds of hollow tubular leaves shaped like trumpets growing out of the swamp. These were pitcher plants, revered and studied for 65 years by Henry Rehder.

"Smell them," he instructed. "Detect the sweet aroma? Note the bright colors. The aroma and color is designed to attract nectar-seeking insects. Once inside the mouth of the pitcher plant, the insects plunge into the throat, which contains thousands of tiny hairs, all pointed downward. The insects struggle for freedom, but there is no escape. And at the bottom is a well of liquid substance, a mixture of digestive enzymes and rainwater, where protein from the insects is consumed."

Henry operates a florist shop in Wilmington founded by the brothers' great-grandmother, Johanna Rehder, in 1860. Their father, Will Rehder, spent his lifetime studying the strange plants growing in or near the local swamps.

The two sons give lectures to horticultural societies, universities and other groups, and work closely with scientists.

Stanley was a partner in the family business for 30 years. Now he is a Wilmington realtor. He was one of 800 survivors on the troop transport Leopoldville, carrying American soldiers from England to France on Christmas Eve, 1944; half the troops drowned when the ship was sunk by a Nazi sub. Henry is famous in Wilmington for his homemade pickled figs as well as for his work with pitcher plants.

PEOPLE

Early-Hemingway Fi[...]

Five early short stories by **Ernest Hemingway** will be published for the first time this autumn in a new biography of the writer. Professor **Peter Griffin** found the short stories, an unfinished novel and letters of Hemingway's in a stack of boxes donated by the author's fourth wife to the John F. Kennedy library in Dorchester, Massachusetts. Griffin said the stories were valuable because they explored what would become major Hemingway themes and showed the the spare style that was to be Hemingway's trademark. The stories were influenced by Hemingway's unrequited love for **Agnes von Kurowsky**, a nurse whom he met in 1918 when recovering from a war injury in a Milan hospital, Griffin said. The heroine of "A Farewell to Arms," Catherine Barkley, was based on Kurowsky. The biography, "Along With Youth: Hemingway, the Early Years," is scheduled to be published in November.

□

Svetlana Alliluyeva, Josef Stalin's daughter, who defected to the United States in 1967 and returned to the Soviet Union last year, is living on a hillside in Tbilisi overlooking the capital of Georgia, her father's homeland, and apparently has found the privacy she claimed had eluded her in the West. "You can see her taking her garbage out like any woman," reported one resident who said he jogged by her home every day. Her American-born daughter, **Olga Peters**, 14, is with her; one resident said Olga was being tutored in the Russian and Georgian languages to help her in school. Georgian officials said Alliluyeva, 59, was working at the Georgia Institute of Foreign Languages. She has turned down all requests for interviews, even on her role in expanding the collection at the Stalin museum at Gori, his birthplace, 45 miles (72 kilometers) northwest of Tbilisi.

□

The composer **Aaron Copland** went to the Tanglewood Music Center in the Berkshire Mountain town of Lenox, Massachusetts, to check in with one of his old students, **Leonard Bernstein**. Copland, 84, had lunch with Bernstein, 67, and students at the center. Later he took in an evening concert, conducted by Bernstein, that consisted exclusively of C[...] works. Copland was dean [...]ty at the music center [...] opened in 1940 and Bernst[...] one of its first students.

□

Debra Winger was giv[...] traffic tickets while driving [...]coln Continental car leased [...] state of Nebraska for Go[...] **Bob Kerrey** to use. Police [...] **Dean Leitner** said the actr[...] stopped after radar indica[...] was driving 51 miles an ho[...] 35-mile-an-hour zone. Her Ca[...]nia driver's license had expi[...] May, so a second citation wa[...] sued, Leitner said. "There [...] requirement the car only be [...]ed when I am in it," said K[...] who met Winger during the fi[...] of "Terms of Endearment."

□

Dolores Ibarruri, 89, preside[...] the Communist Party of Sp[...] broke her collar bone in a fall a[...] vacation home in Gijon, the [...]tional news agency EFE repo[...] Ibarruri, whose party posit[...] honorary, was treated at a hos[...] and released. Until this sum[...] Ibarruri had spent her vacatio[...] the Soviet Union, where her [...] and other relatives live. A depu[...] the Spanish parliament during [...] Second Republic of 1931-36, Ib[...]ruri gained fame as "La Pas[...]aria" during the 1936-39 Civil W[...] for her call to resist the forces [...] Franco. She went into exile in [...] Soviet Union at the end of the C[...] War but returned to Madrid a[...] **King Juan Carlos I**, who bec[...] head of state when Franco d[...] decreed a general amnesty for al[...] those considered the enemies of [...] Franco regime.

□

Jihan Sadat, widow of Presid[...] **Anwar Sadat** of Egypt, will join [...] faculty of Radford Universi[...] Virginia this autumn teach one [...] week, school officials say. Mrs. S[...]dat, whose husband was assassin[...]ed in October 1981, becomes [...] first member of the university's d[...]tinguished visiting professorsh[...] program. She now lives in Was[...]ington and has recently taught [...] American University there and [...] the University of South Caroli[...] She will continue work on a docto[...]ate in English literature at So[...] Carolina, and is expected to relea[...] a book of memoirs soon.

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